FINANCIAL TIMES

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NEC puts a feather in the cap of Scotland, Page 14

World News | Business Summary

Philippines transport strikers step up pressure

Widespread transport strikes hit most cities in the Philippines as militant labour organisations intensified pressure on the Government for a further cut in fuel prices.

Students, office staff and some factory workers also stopped work and several people were wounded when troops opened fire on stone-throwing protesters who barricaded a major road junction near Manila. Page 3

Gulf danger money

About 10,000 US servicemen, mainly involved in escorting Kuwaiti tankers in the Gulf, would be paid $110 a month "imminent danger pay," the US Defence Department announced.

S. Korea strike ends

About 15,000 workers at Daewoo's shipyard on Koje island voted to end a three-week strike, accepting a 23 per cent pay rise after the South Korean Government apologised for the death of a striking dockworker during a clash with riot police. Earlier report, Page 3

Sweden rules out EC

Sweden ruled out membership of the European Community as being incompatible with the nation's neutrality.

Cannes fire battle

Flash fires spread to the city of Cannes as firefighters used water-bombing aircraft in attempts to bring the French Riviera's worst fires of the year under control. They were hampered by Mistral winds of up to 160km/h.

Italian flood fight

Engineers were building a drainage channel to prevent a lake in northern Italy bursting its banks and sweeping down *the Adda valley*, where floods were believed to have caused more than 30 deaths already.

Gunbattles in Karachi

At least 11 people were killed and more than 80 were wounded in gunbattles in Karachi between rival ethnic groups of Pashtuns and Mohajirs. Authorities imposed a curfew and called in troops to halt the fighting.

Arms pact casualties

Millions of employees in the armaments and defence industry would be out of work in the event of major disarmament agreements between the superpowers, the International Labour Organisation said.

EC aids Bangladesh

The European Community said it was sending 25,000 tonnes of food and more than $500m of emergency aid to flood victims in Bangladesh where more than 1.5m tonnes of crops have been destroyed.

Portugal flight strike

Flight attendants working for Portugal's state-run airline TAP-Air Portugal called a 10-hour strike for Sunday in protest at the suspension of 10 colleagues who refused to work longer hours.

Geneva sirens test

Emergency sirens would be tested in the Geneva area next Wednesday to help residents recognise signals warning of wartime attacks or peacetime disasters, officials said.

Mitterrand attack

President Francois Mitterrand criticised the "brutality" used by the French Government in repressing peaceful demonstrators in New Caledonia. Page 2

Banknote wallpaper

A resident of Tyre, Lebanon, covered the war-scarred walls of his home with devalued Lebanese banknotes after he discovered that wallpaper would be four times more costly than the local pound.

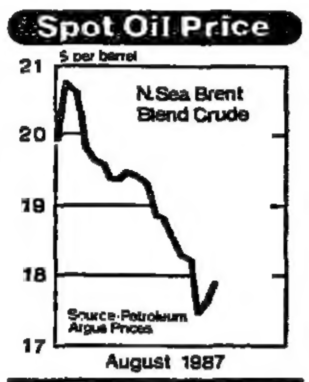
Fermenta takeover bid is abandoned

TRANS-RESOURCES, the privately-owned US holding company, last night abandoned its planned SKr1.38bn ($215.9m) bid to take over Fermenta, the embattled Swedish antibiotics and chemicals group throwing the future of the heavily loss-making concern into renewed uncertainty.

DOME PETROLEUM saga took a new turn when Amoco Canada indicated it would offer an additional C$100m(US$75.7m) in securities to four big Canadian banks to obtain their support for its proposed takeover of the beleaguered Calgary oil company. Page 15

OIL prices rebounded in the third consecutive day of heavy trading, with Brent crude closing 40 cents higher at $18.05

Spot Oil Price



while Western Texas Intermediate rose 56 cents to $19.20 by mid afternoon. Commodities, Page 24

BANK OF MONTREAL, second largest Canadian bank, which this week reported a C$615.2m(US$465.9m) third quarter loss after taking into account a C$753m after-tax charge, yesterday said it was making a C$300.3m share issue in an effort to replenish its capital base. Page 15

LONDON: The UK securities markets were unsettled by the outlook for domestic interest rates and the announcement of trade figures for July, due next week. Another fall in the pound also checked an attempt by equities to extend this week's recovery. The FT-SE index was up 1.5 at 2,249.6 and the FT Ordinary index shed 10.3 to 1,758.2. Details Page 32

DOLLAR closed in New York at DM1.8245, SFr1.504, Y14345 and FFr 6.092. It finished little changed in London, at DM1.8250 (DM1.8230), at FFr6.1025 (FFr6.0950), at Y143.05 (Y143.20) and unchanged at SFr1.5035. The dollar index closed at 101.6 (101.4). Page 25

STERLING closed in New York at $1.6175. It finished in London at $1.617 ($1.6185) at FFr9.8675 (FFr9.865) and unchanged at DM2.95 and SFr2.4325. The sterling index closed at 72 (72.2). Page 25

TOKYO: Large-capital steels and chemicals helped lift prices. The Nikkei average rose 232.35 to 25,875.74. Page 36

WALL STREET: the Dow Jones industrial average closed down 20.57 at 2701.85. Page 36

ISTANBUL'S infant stock market has emerged as a focal point for business in Turkey although investors are becoming increasingly nervous that the upward movement of shares since the beginning of the year may end soon. Page 36

ELECTROLUX of Sweden, world's leading household appliances manufacturer, increased profits (after financial items) by 12 per cent in the first six months to SKr1.504bn ($235.3m) from SKr1.341bn in the corresponding period last year. Page 17

NOBEL INDUSTRIES, Swedish chemicals and armaments group, is bidding for Sadolin & Holmblad, Denmark's leading paint and lacquer company, in a deal worth DKr625m ($89m) altogether. Page 17

SONY, Japanese consumer electronics group, registered a consolidated net profit of Y3.38bn ($23.1m) in the first quarter to end-June, a fall of 59.3 per cent on the corresponding period last year. Page 15

Reagan declares historic arms treaty within reach

BY LIONEL BARBER IN WASHINGTON

PRESIDENT RONALD Reagan yesterday said an historic arms control agreement with the Soviet Union was within reach and held out the prospect of a new phase in East-West relations.

In a keynote foreign policy speech in Los Angeles, Mr Reagan hinted broadly at the possibility of a summit meeting with Mr Mikhail Gorbachev, the Soviet leader, later this year to sign the arms pact which would eliminate the superpowers' medium range (INF) nuclear missile arsenals.

Mr Reagan's speech was delivered hours after Mr Helmut Kohl, the West German Chancellor, offered to scrap 72 Pershing 1A missiles if an INF deal was reached this year. Bonn's offer to eliminate the wespons which have US warheads but are under West German control, appeared to further accelarate the recent movement towards to a superpower arms agreement.

Mr Reagan, confirming a general mood of optimism and outlinging what he called a "strategy of hope" in US foreign policy, said: "We can wrap up an agreement on intermediate range nuclear missiles promptly."

In the Los Angeles speech - which was also broadcast live to a US-Soviet conference in New York - Mr Reagan appeared to be grasping for an arms deal with Moscow as well as a broader improvement in relations, beyond the tensions of the Cold War era.

He touched on signs of change in the Soviet Union, demonstrated by Mr Gorbachev's policys of "glasnost" or openness." We are also seeing a Soviet leadership that appears more willing to address the problems that have divided East and West so long and to seek agreements based on mutual benefit."

But Mr Reagan said that progress in East-West relations flowed from "the new strength and resolution" which his Administration, now in its seventh year, had brought to US foreign policy. And, while steering clear of the angry rhetoric of his first term in office, when he called the Soviet Union an "evil empire", he issued a challenge to Moscow.

"It is time to show some glas-

Continued on Page 14

Chancellor Helmut Kohl and President Ronald Reagan

Kohl offers to scrap Pershings

BY PETER BRUCE IN BONN AND ROBERT MAUTHNER IN LONDON

CHANCELLOR Helmut Kohl of West Germany yesterday offered to scrap his country's controversial Pershing 1A missiles if the US and the Soviet Union reach agreement on dismantling their Intermediate Nuclear Force (INF) missiles worldwide this year.

The unexpected offer appears to remove a major obstacle to an INF deal, which is currently being negotiated in Geneva by the US and the Soviet Union, although the first reactions from Moscow were hardly enthusiastic.

The Reagan administration officially welcomed Chancellor Kohl's Pershing missile offer, but some US officials privately criticised Bonn saying it raised "a disturbing precedent" of third parties playing a pivotal role in bilateral negotiations between the US amd Soviet Union.

One US official said: "It's a very surprising move. It raises the tough political issue of the third party that we have adamantly excluded during the talks".

President Reagan's chief spokesman, Mr Marlin Fitzwater, said the US "strongly supported" Chancellor Kohl's raffirmation that the Pershings were not part of the Geneva arms talks and said the US had empahsised that their dispositon was a matter for West Germany and Nato to decide.

But, in an apparent concession to the argument that West Germany, not the US, controls the missiles built with US warheads, he said: "We therefore understand and support (Kohl's) statement".

The Soviet newsagency, Tass, said that Mr Kohl's proposal was hedged about with preconditions. In particular, the Chancellor had made it clear that Bonn would agree to scrap the Pershing 1As only after the final elimination of the Soviet and US intermediate-range missiles.

The offer to scrap the obsolescent Pershing 1As if the superpowers keep to their arms control timetable is a major policy shift by Mr Kohl. In June, when he finally accepted the so-called "double zero option" - the destruction of all INF missiles with a range between 500km and 5,000km - he insisted

Continued on Page 14

South African miners vote to stay on strike

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S miners voted yesterday to continue their 17-day old strike.

In Johannesburg last night Mr Cyril Ramaphosa, the general secretary of the National Union of Mineworkers (NUM), said the vote to reject the Chamber of Mines' last offer had been unanimous at all mines. But he added that the union was prepared to return to the negotiating table at any time.

Mr Ramaphosa said the rejection of the Chamber's offer had been hinged on the employers' refusal to offer further improvements to cash wages. The union had cut its demand to an across-the-board increase of 27 per cent from 30 per cent. He implied that a settlement could have been reached if the Chamber had agreed to a token improvement on the increases ranging from 17 per cent to 23.4 per cent implemented unilaterally on July 1.

Ahead of yesterday's vote, Anglo American, the largest and worst-affected of the mining houses, had withdrawn deadlines for men to return to work or face dismissal. Anglo has been slicing support away from the strike by threatening men with dismissal at selected mine shafts.

However, on Tuesday men at two unspecified shafts rejoined the strike after complying with earlier return-to-work deadlines. Their return to work, and yesterday's vote to continue the strike, would appear to confirm the union's belief that men who had returned to work had done so under pressure from mine managements.

Anglo American, which had believed the Chamber's offer made on Tuesday was a basis for settlement, said it would now concentrate on returning its mines to full production.

An unofficial Anglo spokesman said this meant strikers would be fired and replaced with unemployed men with mining skills.

Support for the strike has been far stronger than the employers expected, particularly on the Orange Free State gold mines.

At the end of last week there were reports of scab labour being hired in Lesotho where "thousands" of unemployed Basotho's were said to be besieging mine recruiting offices seeking work in South Africa.

On Tuesday NUM negotiators did not reject outright the Chamber's last offer of better fringe benefits but no further wage increases beyond those already awarded. The Chamber said it was prepared to double death benefit payments to four years' wages and to increase the holiday leave allowance by 10 per cent. Its negotiators unofficially hoped this represented a face-saving offer for both sides.

At Ergo, where Anglo alleges strikers have sabotaged plant and equipment, about 200 men have been given until Friday morning to return to work or face dismissal. Ergo, which recovers gold from old mine residue dumps, is not a member of the Chamber of Mines.

The company had offered employees increases ranging from 16.1 per cent to 19.5 per cent, against the union's call for increases of between 27 per cent and 30 per cent.

● South Africa is considering whether to free 77-year-old Govan Mbeki, one of the closest associates of jailed African National Congress leader Nelson Mandela. **Reuter reports from Cape Town.**

Mr Mbeki was jailed for life for sabotage along with Mr Mandela after South Africa's most famous trial of ANC leaders in 1964.

Lufthansa to consider bid for Hilton International

BY ANDREW FISHER IN FRANKFURT AND ANATOLE KALETSKY IN NEW YORK

LUFTHANSA, the West German national airline, is considering a bid for the 90-strong Hilton International hotel chain from Allegis of the US to add to its existing hotel and service activities.

It confirmed yesterday that it was studying Hilton, but added that no talks had taken place and that it was one of 35 parties taking an interest.

Lufthansa, which is 75 per cent state-owned, already has minority stakes in the Kempinski hotel concern in Germany and the German subsidiary of Avis car rental. It owns 62 per cent of the Penta hotel chain, in which other European airlines are also involved, and runs resort hotels in Kenya.

The German airline recently added further to its non-air activities by purchasing a 10 per cent holding in Hapag-Lloyd, the Hamburg-based shipping and travel company. Further hotel purchases would fit in with its policy of providing a whole package of flight, car hire, hotel and other services to travellers.

Lufthansa declined to comment on reports that Allegis was seeking more than $1bn (DM1.8bn) for Hilton, which is represented in some 40 countries.

It is being advised by Deutsche Bank. Neither the bank nor the airline would say how financing might be arranged or whether it was true, as also reported, that some 75 per cent of Hilton would eventually be floated on the stock market, with Lufthansa retaining 10 per cent and Deutsche Bank 15 per cent.

Lufthansa will be faced with heavy financing requirements for its fleet expansion in the coming years. Last year, it made an operating loss on flight operations of DM67m against a 1975 profit of DM152m because of the slide in the dollar. But net profits were virtually maintained at DM64m after the inclusion of earnings on other activities.

Among the potential buyers which have been rumoured on Wall Street are Japan Air Lines, Swissair and even KLM, which made an abortive offer of $975m for Hilton International last December when the chain was put up for sale by its previous owners, Transworld Corporation.

The fate of the hotel chain is likely to be decided almost exclusively by the price which potential bidders are prepared to pay.

Most US analysts do not believe the group is worth much more than the $980m which Allegis paid in December, after KLM backed out of its deal

WEST GERMANY has formally nominated Manfred Woerner, its Defence Minister, to succeed Lord Carrington as Secretary General of Nato next year. Page 14

UN considers next step towards Gulf ceasefire

MR JAVIER Perez de Cuellar, United Nations Secretary General, will meet the consultative group of the Security Council today to discuss the next stage in their efforts to achieve a ceasefire in the Iran-Iraq war, **writes Joan Wucher King.**

The feasibility of a visit to Tehran by Mr Perez de Cuellar will be high on the agenda.

Meanwhile, the Iranian Deputy Foreign Minister, Mr Mohammed Jawad Larijani, flew to Rome yesterday for talks with Mr Guilio Andreotti, the Italian Foreign Minister, after meetings in New York with Mr Perez de Cuellar, and other foreign representatives.

Italy takes over the presidency of the UN Security Council next month.

While Mr Larijani has said Mr Perez de Cuellar would be welcome in Tehran, the Security Council consultative group will examine the chances of success before committing themselves.

The Iranians have kept the UN in doubt about their views on the UN resolution calling for a ceasefire, but it is questionable how long this can continue.

It is unlikely any Security Council member will oppose a visit by Mr Perez de Cuellar to Tehran at this stage.

Blow to Guinness Peat hopes

BY TERRY POVEY IN LONDON

LORD KISSIN, founder of Guinness Peat, the UK banking and fund management group, last night delivered a body blow to the group's hopes of fending off the £338m ($547m) takeover bid from Equiticorp, the New Zealand banking and investment group, by backing the bidder's call for a controversial management incentive package to be put to shareholders.

"This plan must be a matter for shareholders in view of the huge sums involved," said Lord Kissin. Unseated as the directing force within Guinness Peat by Mr Alastair Morton in the early 1980s, Lord Kissin is no friend of the group's incumbent leadership.

However, Lord Kissin's 5-6 per cent block of shares in Guinness Peat could be vital - if it was added to the 35.8 per cent already held by Equiticorp it could be very hard for Mr Morton to win a vote of shareholders. As well as launching its 110p a share bid, Equiticorp is also calling for an extraordinary meeting of shareholders.

Lord Kissin said he was "open minded" about the bid but added that "if no white knight steps forward then many shareholders will have to seriously consider this offer".

The complex incentive scheme is designed to attract a team of eight bankers to run Guinness Mahon, a wing of Guinness Peat. The plan was put together on behalf of the eight by Phoenix Securities, a subsidiary of Morgan Grenfell since April.

Previously Phoenix was a partnership run by Mr John Craven which, when he became Morgan's chief executive, was purchased by the troubled banking group. Until last Wednesday Morgan were Guinness Peat's merchant banking advisers - now Lazards are acting for the UK group.

Under the plan the eight could acquire 50 per cent of Guinness Mahon for a total payment of £35.75m in 1992. However, Guinness Peat would retain the right to buy out this half share under a formula which depends on average after-tax profits in 1992 and 1993.

Guinness Peat argues that the payouts will be justified by the increase in the value of Guinness Mahon - for example if the £14.8m average profit is reached, triggering the maximum payout of £50m, Guinness Mahon could be worth about £220m compared with £50m today. However, Equiticorp counters this by saying that if many members of team leave "when they get their cheques, as they have recently done at another bank, this increased value will simply evaporate."

Last night Mr Michael Kerr-Dineen, Guinness Peat's managing director, defended the management plan.

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Roh Tae Woo, potential candidate for president, with a reputation as reformer, Page 14

EUROPEAN NEWS

Andreotti may block move on minesweepers for Gulf

BY JOHN WYLES IN ROME

THE ITALIAN Cabinet meets today after a brief summer break with a majority of the five parties in the coalition government apparently favouring the despatch of Italian minesweepers to the Gulf.

It is most unlikely, however, that ministers will announce sailing orders because of the continuing opposition to such a move from the Foreign Minister, Mr Giulio Andreotti. He remains publicly scornful of taking part in a "cleaning exercise," arguing that Italy's interests are not identical to those of France and Britain, who have already committed minesweepers to the Gulf.

In a television interview last night, Mr Andreotti repeated that the basis of Italian policy must be active support for the UN Security Council reslution calling for a ceasefire in the Gulf war.

He will go into today's Cabinet meeting fresh from a discussion with Mr Mohammad Jawad Larijani, Iran's deputy Foreign Affairs Minister, who flew into Rome yesterday from New York after discussions on Tehran's attitude to the UN resolution with Mr Perez de Cuellar, the UN Secretary General.

It will be surprisng if this exchanges does not provide Mr Andreotti with some fresh material for arguing that the UN resolution is still alive because Iran has not rejected it outright.

The political feeling in Italy has clearly begun to build behind the idea of joining Britain and France in the Gulf, although Mr Andreotti is not yet under irresistable pressure.

Of the coalition parties, the Socialists, Liberals and Republicans are backing a Gulf force and their ministers will probably argue today for setting a deadline, after which it could be concluded that the UN resolution had failed and a change in Italian policy was justified.

Top French industry official quits

By Our Paris Staff

French Industry Ministry, Mr Jacques Maisonrouge, is leaving his post after only 11 months in the job.

Mr Maisonrouge, who spent 38 years with IBM, eventually becoming senior vice-president of the US computer group, was the first manager from the private sector to take over the top civil servant's post at the ministry.

His arrival caused political controversy, and his sudden departure has aroused speculation about a conflict between himself and Mr Alain Madelin, the Industry Minister.

Most of Mr Maisonrouge's time as director general of industry has been taken up with reorganising the ministry and streamlining its structures. The aim was to turn the organisation into a form of high-flying management consultancy.

Observers suggest that Mr Maisonrouge, now 62, may have been disappointed to find that real power on industrial questions was largely in the hands of the Finance Ministry, and may have disagreed with his own minister on the reduction, welcomed by Mr Madelin, in the Industry Ministry's own budget.

The new director general will be Mr Jean-Francois Saglio, a civil servant for most of his career who in 1981 joined the state oil group Elf-Aquitaine. He has recently been a director of Elf with responsibility for research, new energy forms and industrial activities.

Bofors denial

Mr Lars-Erik Thunbom, chairman of Nobel Industries, parent company of the Swedish arms maker Bofors said yesterday bribes may have been paid in connection with a $1.2bn guns deal but it was up to New Delhi to investigate Reuter reports.

He denied wrongdoing by the company.

Moscow spells out Far East investment plan

THE Soviet Union unveiled details yesterday of a plan to make the country's resource-rich but largely undeveloped Far East self-sufficient in energy and most agricultural products by the year 2000, Reuter reports from Moscow.

Mr Anatoly Reut, first deputy chief of the state planning board Gosplan, told the Communist party newspaper Pravda that Moscow would pour Roubles 232bn (£226bn) into a region stretching from Lake Baikal to the Pacific Ocean. New factories would be built to process mineral wealth, the Soviet fish industry would be transferred to the Far East, major oil and gas deposits on Sakhalin Island would be developed and a mass housing project would be completed.

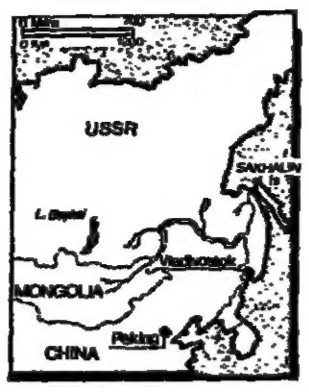
"The changes are really enormous," Mr Reut said. "A major breakthrough is needed in connection with the new regional policy of the (Communist) party for priority economic development of the country's Far Eastern regions."

The development plan was drafted after Mr Mikhail Gorbachev toured the Soviet Far East last summer and called for heavy investment to bring the region's economy up to the national level.

Under the plan, said Mr Reut, industrial commodity output and electricity production would more than double by the end of the century, oil extraction would increase more than three-fold and natural gas output would rise by up to nine times. Far Eastern energy requirements would be met fully by local production by 1995, with coal output reaching between 82m and 85m tonnes annually.

Development of deposits in Western Yakutia and on Sakhalin Island would yield annual oil output of 6m-8m tonnes and gas production of 13m-15m cubic metres.

According to Mr Reut investments in agro-industry and food processing would allow the



region to become self-sufficient in production of vegetables, potatoes, milk, eggs, pork and poultry and to meet most of its beef requirements by the year 2000.

Transfer of the fishing industry to the Pacific coast would entail equipping processing factories with modern technology, building ship-repair yards and increasing the number of fishing ports to accommodate a growing fleet.

Metal ores mined in the region but currently treated elsewhere would be processed on-site after re-equipment of old plants and construction of new factories, one of which is due to produce 3m tonnes of rolled steel annually. Industrial production along the yet-to-be-completed Baikal-Amur railway was due to rise nearly three times.

Mr Reut said that 30 per cent of the funds invested in the region would be earmarked for building the infrastructure — homes, schools, cultural facilities, transport — needed to accommodate workers involved in the development scheme. Every family would be guaranteed its own home by the end of the century.

Previous press reports have said that up to a third of workers arriving in the region were leaving due to the lack of adequate living facilities.

Cavaco Silva promises to cut public sector down to size

BY DIANA SMITH IN LISBON

PORTUGAL'S Prime Minister, Mr Anibal Cavaco Silva, yesterday sounded the death knell of the collectivisation and centralisation of the economy, agriculture and the media forced on the country in 1975 by a Communist-inspired revolution.

In a strongly-worded presentation of his Government's four-year programme, the Social Democrat promised "profound reforms, which for long have been seen as essential to the country's modernisation and development but continually delayed." The public sector, created "with no rationale" in 1975, would be reduced drastically until only enterprises essential to public services remained.

Privatisation, popular capitalism, stimulus to private enterprise, above all to young entrepreneurs who brought modernity and innovation, and full play of market forces—with due attention to social justice and the less favoured citizens—would be given priority, he said.

The Government would shortly send Parliament a draft bill on the reform of public sector companies. The sale of capital in those enterprises would stimulate the growing stock market, Mr Cavaco Silva claimed, reduce the public deficit and debt and release funds essential to modernise Portugal, end its traditional backwardness and bring it closer to EC averages.

Since 1975, public sector companies have accumulated losses of Es 900bn (£3.86bn), and received Es 1 trillion (million million) in subsidies, grants and capital endowments.

The lingering traces of collectivisation of agriculture will also be removed, Mr Cavaco Sila promised, making the sector more flexible and competitive. Labour laws would also be made more flexible, bringing them into line with West European practices.

The Government would foster negotiated incomes policies between mnagement and unions, with minimum state interference. Job creation would be encouraged (some 126,000 jobs have been created since the Social Democrats first came to power in 1985). Major tax reforms would reduce a forest of complicated taxes to two simplified forms: personal income tax and company income tax, and balanced monetary policies would encourage businesses to expand, he said.

Repressions in Stalin period 'exaggerated'

THE Soviet Union's chief ideologist, Mr Yegor Ligachev, yesterday accused reformist intellectuals of seeking to discredit the Communist party by exaggerating Stalin's repressions, Reuter reports from Moscow.

Mr Ligachev, considered number two in the Kremlin, said it was futile to hope that Mr Mikhail Gorbachev's drive for renewal would bring a market economy to the Soviet Union.

The official news agency Tass reported him as saying: "People in the West, and even some in our country, are seeking to discredit the entire path of building socialism in the Soviet Union. They try to present it as an unbroken chain of mistakes and, using the facts of unjustified repressions, overshadow the accomplishment of the people, who have created a mighty Socialist power."

Semiconductor industry to lobby EC for tougher action on imports

BY DAVID THOMAS IN LONDON

THE EUROPEAN semiconductor industry plans a co-ordinated lobbying campaign from September to persuade the European Commission and national governments of the need for greater support and tougher action against some imports.

The first step is the publication today in all the main European countries of a booklet putting the industry's case.

The booklet, An Integrated Future for Europe, argues: "A major change of course is essential if the European integrated circuit industry is to survive."

It continues: "Far Eastern investments in production facilities are clearly aimed at conquering overseas markets and are threatening to lead to worldwide over-capacity."

Elaborating on this yesterday, Mr Richard Bullock, Director General of the Electronic Components Industry Federation, the British trade association, said: "There is a general concern in the European industry that the increasing Far Eastern and US strength in the market is of serious economic danger to European companies."

He warned that European equipment manufacturers could have to rely for their electronic components increasingly on integrated US and Japanese companies which are their competitors in equipment supply.

Among the measures the booklet demands of the EEC are:

- Fiscal relief and low-cost loans to help with the financial burdens of rapid obsolesence of plant.
- Stimulation of the European market through pan-European projects.
- A tightening of the procedures used when national governments suspend EEC import duties on semiconductor imports.
- More realistic definitions of how much of a product has to be made in Europe for it to be called locally-produced.

The European Electronic Component Manufacturers' Association, the European trade association, will press its recommendations on the European Commission next month. This will be followed by lobbying of national governments in the autumn.

An Integrated Future for Europe. European Electronic Component Manufacturers' Association, Avenue Louis 430, 1050 Brussels.

Yugoslav state company in financial scandal

A MAJOR state-owned Yugoslav group has issued several hundred million dollars worth of uncovered promissory notes in what looks like the country's biggest financial scandal since World War Two, Reuter reports from Belgrade.

According to the official Tanjug news agency, the agro-industrial group, Agrokomerc, based near Bihac in the Yugoslav republic of Bosnia and Hercegovina, issued the promissory notes valued at between $290m and $500m to at least 57 Yugoslav banks and, by doing so, had also put them in danger.

The notes were undersigned by the Bank of Bihac which did not have the money to cover them, the agency added.

"Although the full scope of the monetary coup has not yet been revealed to the Yugoslav public, it is already quite certain that the Agrokomerc affair is the greatest financial scandal in Yugoslavia since World War Two." Tanjug said.

"The issuing of unbacked bills will not only endanger Agrokomerc, but also 57 banks in Serbia, Bosnia and Croatia. The expected financial crash of Agrokomerc will give another jolt to Yugoslavia's monetary system," it said.

Several top officials in Agrokomerc hold high posts in the Bosnian branch of the ruling Communist Party, including the company's general director, Fikret Abdic, who is a member of the Bosnian party's Central Committee.

National Bank vice-governer Vukasin Markovic said in an interview with Tanjug that the central bank would demand legal action in the case, which he said affected 63 banks.

Haig Simonian on a broadcasting phenomenon that brings a touch of downtown America to Germany

US Forces Network tunes into a wider public

"TODAY'S HEARTLAND weather" could be thunder and lightning, but it won't affect the honey-toned vowels of Sergeant Melody Day, one of the morning disc-jockeys on the American Forces Network (AFN), Europe.

Sergeant Day, admittedly not your typical army sergeant, is one of the select band keeping the discs spinning at AFN—catchphrase, "the beat in the heartland."

That heartland is chiefly the southern part of West Germany, where thousands of US troops and their dependents, not to mention ordinary Germans, wake to the soothing tones of Sergeant Day and her collagues.

AFN, 44 years old last month, is an institution in Germany. The station, which began transmitting on July 1943 from wartime London, was first housed in a dream-like moated castle in Hoescht, outside Frankfurt, before moving in 1966 to purpose-built premises just north of the city centre.

With a staff of about 270, divided about equally between civilians and military, AFN has expanded substantially since then. Apart from two radio channels and a TV service, which broadcasts round-the-clock at weekends, its eight regional affiliates each transmit individual peak-period medium-wave programems for different US military communities dotted around Germany.

Nevertheless, much of AFN's beat is the same; a diet of Top 40 records on medium wave, "contemporary adult music" on FM and the most popular US entertainment shows on TV.

However, AFN often strikes a more dissonant note among its non-military audience. Its "command information announcements," are its best-known trademark for the many civilians who listen in. Everyone has a favourite among the messages, which can vary from the bizarre to the moronic. The slot reminding troops to dress up warmly in cold weather—and to see their commanding officer if they continue to feel a chill—is among the crankiest. But there are countless others which civilians love to mimic.

AFN staff are sensitive to such criticism, even when well intentioned. "Providing information for the troops is the essential reason for our being here," says Major Michael Grabowski, AFN's executive officer. "Entertainment is an extra. If we didn't provide the military command information, we wouldn't have any funding. Our job is to bring an audience to a message," adds Ms Ann Mulligan, a professional civilian broadcaster who has been with AFN for 10 years.

AFN broadcasts provide a welcome break from the staid and sober fare which is usually provided by West German state broadcasting

Yet the wisecracks about AFN are almost always well meant. For however much its critics jibe, its broadcasts, backed by a $6.5m annual budget, can provide a welcome break from the sobre fare usually provided by German state broadcasting.

Assessing the size of its audience numbers is tricky. AFN concentrates on its target military audience, which numbers about 500,000 regulars, according to its latest survey. However, that excludes the "shadow audience" of Germans and others who regularly tune in.

Indeed, it has something of a problem in knowing how to deal with the non-US military demand for its TV programmes in particular. AFN must be one of the world's very few broadcasters which would like to limit its viewers.

The reasons are largely contractual. US TV producers give the armed forces top TV shows at bargain rates. Having them spill over into German homes can pose problems if a production company thinks it is losing commercial sales to the national TV networks. Following one such recent incident, AFN is being gradually taken off German cable systems. Some of the "shadow audience," otherwise out of reach of its transmitters, are crestfallen.

It is not just Dallas-deficiency, though AFN's regular fare of soaps and baseball games can be a welcome distraction from the heavy diet of series documentaries or high-brow discussion programmes often shown on German TV.

Part of AFN's appeal is just that it offers a much livelier style of broadcasting than normally available here. The difference is sharpest on the box, where its slick presentation and snappy graphics — produced by state-of-the-art equipment — contrast starkly with the often pedestrian style of German TV, which often seems marooned in the Reithian mid-1950s.

So stark are the differences that a few of AFN's German employees have gone on to set up independent TV consulting companies of their own to advise the state networks on how to brighten up their image.

AFN's stateside style also has something to do with its founding principles. Part its remit is to overcome loneliness and boredom among the boys overseas. Doing so in a way as similar as possible to TV back home is part of the package.

Moreover, AFN paries criticisms that it is all Dallas and Denver. Thanks to a direct satellite link with the US, it shows many time-sensitive programmes such as news and documentaries live. It also prides itself on a good crop of home-produced programmes. "Passport" looks at travel opportunities with the emphasis on how to do things in Europe, while "Spotlight," a short feature, focuses on the unusual accomplishments of military personnel, such as the US serviceman who happens to be Germany's frisbee champion.

Getting into the broadcasting side of the services is almost as difficult as making it on Broadway, by all accounts. Not only do likely applicants tend to be slightly better educated than the average serviceman, but they also have to possess a variety of other attributes. Passing the voice test, for example, is where a lot of sergeant majors probably stumble.

The end product may not be exactly intellectual much of the time, but it provides reasonable entertainment. And that may be no bad thing for lonely troops stationed in an artillery post somewhere near the East German frontier, where boredom is probably as great an enemy as the Russians.

OVERSEAS NEWS

Mitterrand steps into Pacific islands row

By George Graham in Paris

PRESIDENT Francois Mitterrand yesterday stepped into the growing row over France's use of police strong-arm tactics in its South Pacific colony of New Caledonia.

The Socialist President clearly marked his opposition to the policy adopted by the right-wing government of Mr Jacques Chirac, criticising the "brutality" used by the police to disperse peaceful demonstrators last weekend in Noumea, the colony's capital.

In an incident filmed by television, police carrying riot shields used their truncheons on members of the indigenous Melanesian Kanak population engaged in a sit-down protest against the referendum due for September 13 on whether New Caledonia should become independent or remain a French colony.

"How can one not be sensitive to the pictures of brutality which have been broadcast, and even more to the reality they express," Mr Mitterrand said to yesterday's council of ministers in Paris. Mr Chirac replied that he was shocked by the importance ascribed to "a banal event" which, he said, had been exploited on all sides.

It is not the first time since his uneasy cohabitation with Mr Chirac began in 1986 that Mr Mitterrand has refused to go along with the Government's New Caledonia policy. He declared in February that he completely disagreed with the referendum.

Mr Bernard Pons, Minister for Overseas Territories, has counterattacked by pointing out that under the previous Socialist Government the tension in the islands had boiled over in 1984 and 1985 into actual injuries and deaths.

However, his attempt to play down the violence appears to have stirred up the debate in France. Even Mr Jacques Toubon, the secretary of Mr Chirac's RPR party, said he was "surprised and astonished" at the incident.

The delicate ethnic balance in the nickel-rich islands has posed a continual problem for French governments, with continual clashes in recent years between the pro-independence Front de Liberation Nationaliste Kanak Socialiste (FLNKS) led by Mr Jean-Marie Tjibaou and the Rassemblement pour la Caledonie dans la Republique led by Mr Jacques Lafleur.

But the policy of Mr Chirac's Government, which swung largely in favour of the Caldoche white settlers after the Socialist administration had tried to accelerate the introduction of self-determination, has been broadly condemned by international opinion in the Pacific region.

Australia and New Zealand, along with the other island members of the South Pacific Forum, have been persistent critics of French policy. The Forum in May asked the Government not to go ahead with the referendum, which it does not feel will produce a representative result. It wants a greater programme of political education, discussing all the options for the future of New Caledonia, and insists that France adopt a more neutral line on the choices.

While the indigenous Kanaks, around 43 per cent of the population, outnumber the Caldoches with 37 per cent, more than half the Kanaks are under the age of 20. Regional variations, with the Caldoches much stronger in the south around Noumea, also complicate the process of interpreting a ballot.

Canberra takes heart from economic growth

BY CHRIS SHERWELL IN SYDNEY

AUSTRALIA'S recently re-elected Labor Government took heart yesterday from figures showing signs of continued economic growth and a slowdown in the expansion of foreign debt.

But the encouraging picture was clouded by the renewed threat of a national coal strike which would hit Australia's biggest foreign earner, and a beef contamination scare which could damage the country's lucrative meat export trade.

Figures released yesterday confirmed that gross domestic product grew by 2.0 per cent in real terms in the 1986-87 financial year which ended June 30. This was better than most recent forecasts had predicted, apparently because of a strong fourth quarter.

But it was lower than the 2.25 per cent figure foreshadowed in the budget a year ago. It was also down sharply on the 4.5 per cent growth recorded in 1985-86, and attention will now turn to the 1987-88 which is due to be unveiled on September 15.

The country's gross external debt at the end of June was put at A$109.95bn (£48.25bn), almost A$1bn higher than in March and A$17.8bn higher than a year ago. But figures from the Bureau of Statistics showed net external debt actually contracted in the quarter, to A$82.9bn from A$84.5bn in March.

Significantly, it has held at these levels since last September thanks to a strengthening Australian dollar. The figure a year ago was A$73bn.

Mr Paul Keating, the Treasurer, said the GDP figures showed that the economic adjustment which Australia was undergoing was occurring faster than first thought.

As he spoke, crucial talks were going ahead in Sydney on the crisis facing the coal industry. Federal ministers, state ministers from Queensland and New South Wales, coal industry employers and mine unions were meeting before a one-month moratorium expires at the end of the week.

The troubles of Australia's meat industry, on the other hand, spring from the discovery of pesticide residues in beef consignments delivered to the US, Australia's biggest market.

Yesterday ministers sounded more confident about the talks under way in Washington. The aim is to avert an overall ban on the A$750m US trade which could extend to other importing countries. Canada and Taiwan have already indicated their concern.

- Foreign investment figures also released yesterday showed a net inflow of A$5.38bn in the June quarter, down A$1.3bn on the previous quarter. For the full year net inflows amounted to A$25.5bn against A$19.9bn in 1985-86.

Investment abroad showed a sharp increase in the quarter, from A$1.1bn to A$4.6bn. The total for the year was A$12.8bn, more than double the 1985-86 figure of A$5.9bn.

Sudanese coalition rupture leaves IMF deal in the balance

BY ANDREW BUCKOKE IN ADDIS ABABA

THE RUPTURE of Sudan's coalition government at the weekend is another blow to a country suffering a $13bn debt burden and the effects of a four-year-old civil war which is estimated to cost $1m a day.

The breakdown of Prime Minister Sadiq el-Mahdi's coalition government is officially due to the rejection by el-Mahdi's Umma party, the largest in parliament, of the candidate which its partner, the Democratic Unionist Party, had put up for a vacant seat on the Supreme Council, a sort of collective head of state. The seat was supposed to be reserved for the DUP.

But it also reflects the problems of a vast, amorphous country which straddles the current frontline in the centuries-old struggle between Islamic, and pagan or Christian Africa. For all the speechmaking and politicking in the capital Khartoum it is clear that for many of the northern Moslem majority "Islam or the sword" remains the only acceptable doctrine.

The abolition of sharia—islamic law—is the main cause of the Sudan Peoples Liberation Army rebels in the predominantly Christian and animist south. Sharia was established in 1983 by President Jaafer Nimeiri, who was deposed in April 1985. It has come to be seen as the symbol of moslem domination. Col John Garang, the SPLA leader, recently said in Addis Ababa that he would settle for nothing less than a purely secular sate, thus rejecting el-Mahdi's most recent suggestion that sharia only applies to Moslems.

Sadi el-Mahdi has repeatedly announced his intention to abolish sharia since he was elected in April 1986—after a year of transitional military government—but nothing has happened and there is little evidence of the necessary political will among any of the northern parties.

The risk of parliamentary defections by strict moslems in Umma and particularly the DUP is compounded by the threat of the fundamentalist National Islamic Front to promote action in the streets if any amending legislation is passed. The NIF encouraged Nimeiri's imposition of sharia and is the best organised opposition to Umma and the DUP within the northern moslem majority, though it has few parliamentary seats.

Sadiq el-Mahdi's hereditary leadership of the Ansar sect, on which his support from Umma depends, makes it personally difficult for him to push for sharia even to be watered down. As another minister said: "Going back becomes almost a religious impossibility."

The SPLA has this year extended its operations from the southern provinces of Bahr el Ghazal, Upper Nile and Equatoria, where it controls the hinterland around a few isolated garrison towns, to southern Cordofan and other areas traditionally viewed as part of the north. It is unlikely to moderate its demands. The government is unlikely to negotiate from weakness.

Ironically, the government earlier this month reached a remarkable agreement in principle with the IMF which at last pointed to limited economic recovery, though no real development can be expected while the war continues. That agreement has now been cast into doubt.

President Nimeiri's removal was as much as the result of riots sparked off by IMF-instigated removal of subsidies as of his dictatorial style and the imposition of sharia. Though the IMF has agreed it would be impossible to cut subsidies this time, it has demanded a substantial devaluation. This is bound to meet resistance from an almost pathologically anti-IMF populace.

The deal which Sudan cut with the IMF was in any case subject to finding donors willing to pay off the $600m it owes in arrears to the fund—55 per cent of the IMF's total world arrears. Given the IMF seal of approval and cautious optimism that the government was serious about support for the private sector, streamlining the parastatals, and other reforms, this might have been possible.

Both sides had strong incentives for an agreement. The IMF wanted to clear the arrears and find an African success story after the Zambian debacle. The government desperately needed the rescheduling of old debt and new capital inflows to get the economy moving again, despite the political risk

The hope was that the IMF deal would be implemented and growing prosperity in the north would enable legislation moderating sharia without incurring destabilising popular demonstrations in Khartoum. This is still possible, but would require the new government to offer a firm programme of action.

The coalition may be reformed or a government of national unity established after the two weeks of discussions agreed—during which previous policies and government responsibilities will be maintained. But there are doubts that either could agree on or be strong enough to implement an IMF package. The risk of a military takeover in the name of stronger leadership has increased considerably. As one cynical observer noted "Sudan's problem is too much democracy."

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A Middle East nation feels the strain as Gulf neighbours fail to fulfil promises of assistance

Jordan fends for itself against economic pressures

Tony Walker recently in Amman reports on the cash squeeze Jordan is facing as the Government grapples with the downturn in the economy and growing budgetary pressures.

DR MAHER SHUKRI, Deputy Governor of Jordan's Central Bank, remembers the day in the 1970s when, as a relatively junior officer, he processed a telex transfer of aid funds from Saudi Arabia of $140m.

The sum caught the young Dr Shukri by surprise because he was expecting $14m. Twice he queried the amount, suggesting that an additional "0" may have been added. No, came the reply, the transfer was correct.

A year later Saudi accounting practices finally caught up with the error but, by that time, the money had been spent, Dr Shukri recalled.

In these days of lower oil prices and swelling budget deficits it is unlikely Saudi Arabia or other wealthy Gulf benefactors would make such mistakes, let alone fail to rectify it for such a long time.

And therein lies, in part, one of the reasons for the cash squeeze Jordan is experiencing at the moment.

A shortfall in funds pledged by Gulf donors under a 1978 Baghdad Arab League summit formula and a slowdown in remittances from Jordanian nationals working in the Gulf is causing difficulties.

The latest Central Bank statistics report that at the end of April, cash reserves stood at Jordanian dinars (JD) 51.8m ($150m), or sufficient funds to cover just two weeks of imports.

Dr Shukri says the position has improved since April and that reserves reached more than JD70m at the end of July.

But the pattern of the past several years is one of diminishing reserves to the point where some might regard Jordan's financial position as precarious.

Offsetting this are Jordan's gold reserves, worth about $500m at today's prices, and a large credit to Iraq of about $600m which shows up under a column in the Central Bank statistics entitled "Other Foreign Assets."

Dr Shukri describes this sum as "technically usable" to cover some categories of imports such as oil. However, the fact is that Jordan, whose economy is 70 per cent reliant on imports, is being forced into a programme of unaccustomed austerity and prospects are for even more difficult times ahead until oil prices rebound and Gulf states regain their economic equilibrium.

Mr Zeid al Rifai, Jordan's Prime Minister, insists that the economy is in "very sound shape." He noted that Jordan in 1986 repaid $580m in interest and principle on its approximately $4bn foreign debt as an indication of his country's sound financial position.

Jordan's debt service ratio (debt repayments as a percentage of earnings from exports, workers' remittances and other services) is creeping up from 9.9 per cent in 1985 to about 13 per cent this year.

Mr Rifai recently told parliament that a debt service ratio of 20 per cent was a "red line" beyond which it would be imprudent to venture.

Both Dr Shukri and Mr Rifai said in interviews it would be necessary for Jordan to borrow abroad again this year. Last year it raised $150m internationally. That money was not drawn down until early 1987.

Jordan is also grappling with persistent budget deficits. A projected deficit for 1987 of JD39.8m is considerably understated. On present indications Jordan's domestic deficit this year is likely to be at least four times that figure.

Mr Rifai recently asked Parliament to approve a supplementary budget of JD141.4m, mostly to cover debts accrued by Jordan's armed forces and left unpaid for a number of years.

Growing budgetary pressures are likely to be a feature of the medium-term for a country heavily dependent on subventions from Gulf states which have proved highly unreliable benefactors in recent years.

Only Saudi Arabia is consistently fulfilling its pledge under the Baghdad agreement which allocated Jordan $1.2bn annually in Arab aid in recognition of its frontline status (facing Israel). The Saudis provide $357m annually in three instalments.

Jordan is also experiencing a reduction in the inflow of remittances from the 330,000 of its citizens working abroad, most of them in the Gulf.

Officially recorded transfers from this source amount to about $1bn annually. Dr Shukri said there had been a drop in remittances of about 8 per cent in the first half of this year.

Jordan's weakening foreign exchange position, its heavy dependence on imports – up to 70 per cent of its requirements – and its budgetary difficulties, have revived discussion about a possible devaluation of what some observers regard as an overvalued dinar as a means of further curbing imports.

But Jordanian officials are adamant such a move is not being contemplated. Dr Shukri insisted that the local exchange rate accurately reflected the dinar's value on a trade-weighted basis against the currencies of Jordan's major trading partners.

He also argued that a devaluation would be a retrograde step because of Jordan's dependence on imports. It would encourage inflation (Jordan actually experienced deflation of 1.2 per cent in the first four months of this year) and was likely to provoke a bout of capital flight.

Still, the fact that the possibility of a devaluation is being canvassed in business, Government and banking circles in Jordan is significant.

The subject was virtually taboo until recently. As a foreign observer said:"At least they won't take you out and shoot you now if you suggest it."

Jordan has been doing its best to reduce the domestic deficit and to improve its balance of payments position. It has reduced expenditures where possible, strengthened tax collection, imposed additional duties on imports and sought to encourage exports.

But, as Mr Rifai observed, the Government, in its efforts to restrain imports, is caught in something of a "vicious circle" because customs duties are a principal source of revenue. He also made the point that scope for further expenditure cuts and reductions in imports was limited. Commercial activity is already depressed.

Jordan is struggling to maintain its traditional exports of fertilisers and foodstuffs in highly competitive international markets. The value of exports of these items, in fact, dropped in 1986 compared with the year before.

But Jordan's drive to reduce imports helped it to narrow its trade deficit in 1986 by JD224m to JD594m which, nevertheless, represented more than one third of GDP.

Another Jordanian concern is rising unemployment, particularly among professionals such as doctors and engineers. Joblessness among these groups has reached 20 per cent to 30 per cent. Official statistics put the overall unemployment rate at about 6 per cent, but this almost certainly underestimates the problem.

Mr Rifai said the government was adopting a number of measures to deal with unemployment, including a review of the curriculum in schools to concentrate more on vocational training.

It was also limiting the number of Jordanians studying abroad and was proposing to publish a list of tertiary institutions whose qualifications would be recognised in an attempt to cut down on numbers of graduates demanding jobs in specialised fields.

The Prime Minister also noted there was still a large "imported" workforce in Jordan – 180,000 of a total 550,000 labour force. He hinted there was scope to reduce numbers of guestworkers if unemployed Jordanians were prepared to take on menial jobs.

Strikers increase pressure on Aquino

By Roger Matthews in Manila

WIDESPREAD transport strikes hit most cities in the Philippines yesterday as militant labour organisations intensified pressure on the Government of President Corazon Aquino for a further cut in fuel prices.

Students, office staff and some factory workers also joined in the stoppages and clashes with troops and riot police flared in several areas. At least two people were shot and seriously wounded during a confrontation at a town south of Manila and there were reports of further injuries during police efforts to break up demonstrations.

However, the strikes affected only a small percentage of the working population with most service and manufacturing industries operating normally.

They may the first move- ? ? ment, considered by some Filipinos to be closely associated with the Communist Party, claimed the stoppages had been a great success and likened them to the "people's power" which brought down the regime of President Marcos 18 months ago. Some leaders urged a continuation of the stoppages today and said they would not be satisfied until the Government revoked in full the fuel price rises introduced 11 days ago.

Tight timetable for spy book appeal

By David Dodwell in Hong Kong

THE BRITISH Government's appeal against a Hong Kong high court decision to overthrow an injunction against press serialisation of extracts from the controversial book Spycatcher began in Hong Kong yesterday. There were doubts, however, whether a judgment can be made in time for publication in the forthcoming edition of the Sunday Morning Post, Hong Kong's leading English-language Sunday newspaper.

Mr Robert Ribeiro, counsel for the British Government, launched his appeal with an attack on Monday's judgment by Mr Justice Barnett to overturn the injunction. He said it placed too much weight on the issue of freedom of speech, arguing that this was not more important than other factors—such as breach of confidence and fiduciary duty to the crown by Mr Peter Wright, the author of the book.

He said the Sunday Morning Post, which serialised excerpts from the book in its final edition in July before the injunction, would be participating in Mr Wright's breach of duty by allowing the book to be serialised.

He argued that newspapers did not have an unfettered right to publish whatever they wanted, and referred to a recent House of Lords' decision to prevent English newspapers from serialising extracts "even though damage had already been done" by press reports on the book.

In his judgment on Monday, Mr Justice Barnett had said that the issue of the freedom of the press had been "a powerful determinant" in his ruling. Referring to Hong Kong's unique political situation—with sovereignty due to revert to China in less than 10 years—and extreme public sensitivity over anything that fettered the free flow of information, he said the Law Lords' decision "could not be applied to Hong Kong."

He gave the British Government until Wednesday to appeal with the implied aim of hearing the appeal by the weekend. This would enable the Sunday Morning Post to resume serialisation in its upcoming edition. It was unclear yesterday whether the Appeal Court was going to be able to meet such a tight deadline.

Polish weekly to run extracts of Spycatcher

By Christopher Bobinski in Warsaw

LENGTHY EXTRACTS from Spycatcher, the memoirs of Mr Peter Wright, the former British intelligence agent, are to be published from next week in the Polish weekly newspaper Przeglad Tygodniowy.

The extracts, which are likely to run over 10 weeks, are now being translated from a copy of the book, banned in Britain, flown in from New York.

The newspaper, which regularly sells 170,000 copies, has acquired a reputation for vivid and up-to-date reporting. Its economic views incline to the liberal which makes it a defender of the private sector and a critic of the conservative economic bureaucracy.

As the extracts are translated they will have to go to the government censors, but the newspaper is committed to attempting to publish as much of Spycatcher as it consider will interest Polish reaedrs.

This week it has published an article recounting the problems the British media are having with reporting on the book and the saga of British Government attempts to stop publication.

The paper says: "from the book the readers get a first hand account on how foreign embassies, including the Polish, are observed, how to install bugging equipment, break codes and people."

Strike death 'used for political ends'

BY RICHARD GOURLAY IN SEOUL

MR KIM CHUNG-YUL, the South Korean Prime Minister, yesterday accused opposition groups of trying to make political capital out of the death of a striking shipyard worker who was killed last weekend by shrapnel from a tear gas canister fired by riot police.

The family of the victim, Mr Lee Sok-gyu, have said they want a quiet burial but have become entangled in a macabre tug-of-war for the body.

Some workers at the Daewoo shipyard and students from the opposition National Coalition for a Democratic Constitution, have said they will postpine the burial indefinitely. They have formed a funeral committee and have demanded an apology from the Government and the resignation of the Interior Minister before the body is buried.

The chief opposition political party, the Party for Democracy and Unification, is one of 15 members of the NCDC coalition which led demands for democratic reforms in June.

Neither of the party's leaders, Mr Kim Young Sam or Mr Kim Dae Jung, have backed the workers' occupation of the company hospital where the body is lying or the students' attempt to politicise what started as a strike about pay and the right to set up a free trade union. Their opposition throughout the past month of strikes has been characterised by an unusual show of moderation.

The NCDC coalition has called for a general strike when the funeral is finally held while the workers at Daewoo have called for black armbands to be worn throughout the country.

Mr Lee was the first worker to die in the current wave of strikes which has so far been over economic rather than political demands. Observers said that some Daewoo workers are angry that the NCDC has tried to turn the death of Mr Lee into a political issue.

In his statement, the Prime Minister said the Opposition was trying to take advantage of the dispute and Mr Lee's death for seditious purposes. As well as making the strike more difficult to resolve it was distressing for the victim's family, he said. The country's police chief yesterday said he deeply regretted Mr Lee's death and said the police would punish those responsible for the incident.

Syrian missiles fired at Israeli jets over Lebanon

BY ANDREW WHITLEY IN JERUSALEM

TWO SYRIAN ground-to-air missiles were fired at Israeli reconnaissance aircraft patrolling over Lebanon's eastern Bekaa valley on Tuesday, according to a local television station.

Middle East Television, an Israeli-backed station transmitting from southern Lebanon, showed film of wreckage from a Soviet-made Sam-6 missile said to have landed in Israel's self-proclaimed Security Zone not far from the town of Jezzin. The missiles apparently missed

There was no confirmation yesterday of the incident, the first of its kind since 1982, from the Israeli Defence Forces. Israel recently resumed overflying the Syrian-controlled Bekaa—the base for pro-Iranian Hizbollah guerrillas — after many months' abstinence for fear of provoking a Syrian missile attack.

"So far as we know, there was no Syrian attempt (to shoot down an aircraft"), an IDF spokesman said. "You can imagine if this had happened we would not have remained quiet." But, as the incident would signal the end of a de facto truce between Syrian and Israeli forces in Lebanon—an unspoken disengagement pact which has kept the peace for he past two years—it could be in Israel's interests to avoid comment at this stage.

On the surface, the IDF was more preoccupied yesterday with the discovery of an old minefield in southern Lebanon, apparently laid by Palestine Liberation Organisation guerrillas before the 1982 Israeli invasion. Six Israeli soldiers on a foot patrol were wounded, four of them seriously, on Tuesday, when an anti-personnel mine was detonated.

In a separate incident that day, a Nepalese soldier serving with the United Nations peacekeeping forces in Lebanon was killed and three others were injured when their jeep was ambushed by unknown gunmen near the village of Yatar. The Nepalese soldier was the 146th fatal casualty Unifil has suffered since the force was formed eight years ago.

IMF team in Kenya talks on balance of payments

BY ANDREW BUCKOKE IN NAIROBI

A DELEGATION from the International Monetary Fund arrived in the Kenyan capital yesterday for talks expected to focus on Kenyan requests for assistance to cover a balance of payments deficit stemming from the steep fall in prices for coffee and tea.

Kenya had a balance of payments surplus of $92m in 1986, against a $88m deficit in 1985, but projections for this year's deficit have ranged as high as $200m, as coffee exports slump from last year's record $490m to around $300m.

World Bank and other officials suggest, however, that the projections are pessimistic, and the deficit will be less than $100m. The continued growth of tourism, which earned a record $300m last year, horticultural exports and other non-traditional foreign exchange earners are expected to make up the difference.

Kenya will probably be offered a stndby credit of around $70m but is understood to be seeking the softer terms of a structural adjustment facility. This will require stronger action on its declared aim of liberalising the economy by raising import barriers, reducing the role of state corporations and cutting bureaucratic controls on the private sector.

The country's basically capitalist economy remains relatively healthy at the moment despite the long-term threat posed by its 3.8 per cent population growth rate and near full exploitation of its limited area of fertile land. Growth of over 5 per cent is expected this year, against 5.7 per cent for 1986.

Commonwealth 'to stay out of Fiji'

COMMONWEALTH intervention to resolve Fiji's constitutional problems was ruled out yesterday by Commonwealth Secretary-General Sir Shridath Ramphal, Reuter reports from Wellington.

"I don't think we should expect the Commonwealth to produce a solution for what is essentially a domestic matter," he said at a briefing on the Commonwealth Heads of Government Meeting to be held in Vancouver in October.

The newly-elected Fiji government led by Mr Timoci Bavadra was ousted in a military coup on May 14. Official discussions are continuing in Fiji over possible changes to the island chain's constitution and the roles likely to be played by its Fijian and ethnic Indian populations.

AMERICAN NEWS

Brazilians despair as young Pixote acts out his last violent role

BY IVO DAWNAY IN RIO DE JANEIRO

PIXOTE is dead. Or rather, Fernando Ramos da Silva, the boy who at only 12 years old won international fame for his film portrayal of a tearaway Sao Paulo street urchin, died on Monday in a hail of police bullets. He was 19.

Fernando was not the only victim this week of the criminal life-style that characterises what Brazilians euphemistically dub "os marginais" — the marginal ones.

Since the weekend, the country's eyes have been focused on the shanty town of Dona Marta, located near the centre of Rio de Janeiro, where two gangs have fought out a four-day gun battle as the police looked helplessly on.

But Fernando's pathetic life story evokes something which, like the film "Pixote—the law of the weakest," should have echoes far beyond Brazil—a seemingly meaningless parable of despair.

Picked, while aged 8, by film maker Hector Babenco to play the leading role, Fernando's cultureless background, expressive eyes and adult seriousness brilliantly evoked the joyless world of child poverty.

The film described how a combination of society's indifference and casual crime eased Pixote inevitably down the path from street urchin to killer. Its clear message—something must be done—pricked consciences as nothing previously had in Brazil.

But wealth and fame proved to be as elusive to Fernando as to the character he played. He quickly spent what little he had earned from the film and, after a handful of less prominent roles, disappeared from the public eye.

Despite everything, he was not entirely without help. Moved by his plight, the mayor of a suburb of Rio de Janeiro offered him a house, but he didn't like it and returned to Sao Paulo, disillusioned and bitter with his failure to break through in films and television.

Babenco also repeatedly helped the boy and his family. He was rewarded sometimes with fulsome praise, sometimes with bitter criticism and currently with a writ from his mother for more royalties.

This week, it emerged Fernando had been living in a one-room flat in the ironically named Eldorado district of Sao Paulo with his wife and two-year-old child. But the arrests had started as far back as 1984.

Like the other children, some pre-teenage, pictured carrying guns in the shoot-out this week, there seemed an inevitability about his end. Mr Mauro Miguel Bittar, a policeman who frequently handled his cases, claimed that Fernando had always sworn to reform, but that the end was as predictable as a Greek tragedy.

"I was expecting this," he said. "Pixote told me that one day he would confront the police and realise his promise to die in the confrontation."

According to the police case report, Fernando's last role involved an armed raid with four juvenile colleagues on a Sao Paulo company. After a car chase, he was cornered, but instead of giving up, he came out shooting—falling with four bullets in his chest and the words "Pixote is dead."

US trade deficit hits quarterly record

THE US trade deficit reached a record $39.53bn between April and June despite hopes that a weakened dollar would help turn around a persistent trade imbalance, the Commerce Department said yesterday, Reuter reports from Washington.

The deficit, measured on a balance of payments basis, was a revised $38.76bn during the first three months of this year, the department said.

The report for the second quarter reflects the sharp monthly increase in the trade deficit for June reported earlier by the department.

The Commerce Department report earlier this month that the trade deficit had widened by $15.71bn in June—the second biggest monthly increase in US history—had sent the dollar tumbling following a brief rise.

Mr Clayton Yeutter, US Trade Representative, said yesterday he expected the mid-August decline in the dollar's value to help reduce the trade deficit, which hit a record $156.2bn last year. But he added that he would be uncomfortable with a further decline.

AP-DJ adds from Zurich: Mr Robert Heller, Federal Reserve Governor, said yesterday that the US economy was becoming more balanced, noting that "what we're seeing is a healthy continuation of the current (economic) expansion."

Mr Heller said structural weaknesses in such sectors as agricultural and oil were being reduced, creating a more balanced economy without the excesses of a boom.

Mr Heller said he expected real growth of the gross national product to run at 2.75 per cent in the second half of the year, with inflation reaching slightly more than 4 per cent in 1987.

Northrop sued for $1m over MX missile part

A US prosecutor has filed a civil lawsuit seeking $1m in damages against Northrop Corporation, alleging the corporation failed to test properly a component of the MX missile system, Reuter reports from Los Angeles.

The prosecutor, US Attorney Robert Bonner, claimed in a prepared statement that the equipment exploded while undergoing tests in January 1986.

The federal complaint concerned a heat exchanger, which removes heat generated in a component called the inertial measurement unit.

The complaint alleged that during an investigation into the explosion, the US Air Force learned Northrop had not properly tested about 20 heat exchangers.

Northrop billed the air force for labour costs and equipment needed to conduct pressure tests, the complaint said.

Northrop officials were not immediately available for comment.

The Federal Aviation Administration is demoralised, Roderick Oram reports

US aviation chief faces airborne chaos

WHEN A 20-year-old Lear Jetstar, the ageing pride of the US Federal Aviation Administration's fleet, touches down at Kansas City airport this morning, the chances are that Mr Allan McArtor will be at the controls.

The FAA's new head, a take-charge type through 25 years in the airforce and commercial aviation, is on an urgent mission to restore public trust and self-confidence in the beleaguered flying business and his regulatory agency. He will meet with various industry representatives to discuss the fix in which they find themselves.

The alarming catalogue of crashes and emergency landings, pilot and air traffic control errors, maintenance deficiencies and bad service grows larger by the day. Passengers are angry and apprehensive; the US industry and its regulators are demoralised and defensive.

Mr McArtor has invited leaders of all his constituencies to today's meeting, barely a month after he took office, to outline his priorities. Intensive team work can solve the problems, he believes, but time is running out fast. If the FAA does not fix things soon, Congress is itching to do so with legislation which the industry will not like.

Getting co-operation from all parties will be no mean feat in an atmosphere made tense by mounting problems. People and systems have been strained by a huge upsurge in traffic. From 100,000 commercial and private flights a day in the US three years ago, the total is now running at 140,000.

Allan McArtor, new FAA chief, is a "fly-out" manager

Near-collisions in US airspace rose to 615 in the first seven months of this year from 478 a year earlier, controller errors climbed to 270 in June and July from 202 in April and May and passenger complaints rocketed 81 per cent in the first five months of this year to 9,812.

The FAA, which is in the middle of a 10-year $16bn programme to upgrade its air traffic, radar and other systems, has hired more controllers and maintenance inspectors and imposed more restrictions on private pilots at major airports. But the agency's critics believe much more needs to be done.

Congressional aides, for example, have been drafting legislation to curb the industry's cherished right to fly anywhere, any time. Other rules which might be proposed would require airlines to disclose their records for on-time arrivals, lost bags, flight cancellations and other measures of service. To add to the friction, the FAA has been feuding with the National Transportation Safety Board, which investigates crashes, on a number of key issues. Overall, continued criticism of the agency has undermined its staff's morale.

"You keep reading in the papers that we're losers," Mr McArtor told his new FAA colleagues recently. "But we know better." He promised to set things right but demanded in return "total dedication, professionalism, personal commitment and personal accountability. Loyalty is also important." He says his top priorities are air safety, the continuing modernisation of airspaces and an improved dialogue with the public.

"We must also take the short-term measures necessary to demonstrate immediate progress to a doubting public." One of his first steps was to order a review of airlines' pilot training programmes after a string of negligent acts ranging from turning off engines shortly after take off to landing at the wrong airport.

He says his management style is the "walkabout" school, although more accurately that would be "fly-about." He intends to log many hours in the Jetstar and other FAA executive jets.

"You just have to ask the right questions and listen to the right answers," he said in an interview for the FAA's internal newsletter. "All the answers are in the group." Mr McArtor, who describes himself as impatient, says his "window of opportunity" is limited by factors other than a restive Congress. As a political appointee he knows he could be turfed out in 18 months time when President Ronald Reagan leaves the White House. Even if his tour of duty is so short, he wants to leave "a legacy of continuing modernisation."

Mr McArtor made his first mark in Washington over the last few years as chairman of a committee seeking ways to commercially exploit space. But his full-time job until he took over the FAA was senior vice president of telecommunications at Federal Express, the pioneer of overnight airborne parcel services.

During his eight years at the Memphis-based company he was responsible for the introduction of probably the most sophisticated communications systems in that industry. One project in which he was involved was, however, an expensive flop. ZapMail, a document facsimile transmission service, delivered Federal Express a $190m write-off when it was abandoned last year.

While Federal Express taught him about customer satisfaction, a distinguished airforce career taught him about precision flying in testing conditions. A 1964 graduate of the airforce academy, where he was quarterback to the football team, he went on to fly 200 fighter missions in Vietnam winning the Distinguished Flying Cross and Silver Cross.

He went back to school after the war to get a degree in aeronautical engineering. Then, from 1972 to 1974, he flew with the Thunderbirds, the air force's elite aerobatic team.

Mr McArtor, 45, told his FAA colleagues recently that the decision to become the agency's administrator was "very easy for someone who loves his country and aviation." Today in Kansas City he has his first chance to win over to his team all the divided and diverse constituencies. He is likely to deliver the same message he did recently to FAA staff: "Buckle up your chin straps and lace your sneakers real tight."

An examination of wreckage confirms that the wing flaps of Northwest Airlines Flight 255 which crashed near Detroit's Metropolitan Airport on August 16, killing 156 people, were in the wrong position, according to investigators, Reuter reports from Washington.

The investigators are still trying to determine if a disconnected alarm compounded the error.

The National Transportation Safety Board has said the additional tests are needed to determine conclusively whether a circuit breaker that controlled power to the alarm system had been pulled or if it failed because of a mechanical problem.

The jet barely made it off the ground before it crashed. The crash, the second worst in US history, and a number of incidents involving pilot mistakes this summer have contributed to an increasing uneasiness among some federal officials about the alertness of pilots in the cockpit.

Nicaragua ends exile of prelates

PRESIDENT Daniel Ortega of Nicaragua, in a conciliatory gesture to the Roman Catholic church and opponents, said yesterday that two senior prelates expelled from Nicaragua last year could return, Reuter reports from Managua.

Mr Ortega announced the decision at a ceremony in which he named members of a committee that will monitor Nicaragua's compliance with a regional peace plan endorsed by Central America's five presidents in Guatemala City last month.

Cardinal Miguel Obando y Bravo, an outspoken critic of the Sandinistas, under whose leadership the church has become a rallying point for government critics, was appointed to the monitoring committee.

One of the senior church officials was Obando y Bravo's former spokesman, Bismark Carballo, who was barred from re-entering the country last year after a trip abroad.

Also permitted to return was Bishop Pablo Antonio Vega, vice-president of the Nicaraguan Episcopal Conference.

The Government accused him of unpatriotic and criminal behaviour and deported him a year ago, the day after he said that the Sandinistas were responsible for a totalitarian system unwanted by Nicaraguans.

● Mr Jim Wright, Speaker of the US House of Representatives, said that President Oscar Arias of Costa Rica would meet members of Congress on September 22 to report on peace efforts in Central America, AP reports from Washington. The following day President Arias is due to address the UN.

WORLD TRADE NEWS

Danes spark row on Scandinavian air traffic rights

BY HILARY BARNES IN COPENHAGEN

A BITTER conflict over air traffic rights has broken out between the Scandinavian countries.

This follows a decision by the Danish Government to grant unrestricted rights for a Danish charter company to fly passengers between Copenhagen and Toronto, Canada. The decision was made against the advice of the Swedish and Norwegian governments.

SAS, the Scandinavian airline jointly owned by the three Scandinavian countries on a 50-50 state/private basis, has long sought landing rights in Toronto in vain.

The Danish Minister of Transport, Mr Frode Noer Christensen, has given Sterling Airways the right to fly advanced booking charters to Toronto for an unrestricted period.

not have to pay for a hotel as well as the air fare, as they would with the usual all-inclusive charter flights.

Up to now Sterling has had a normal authority to fly charters to Toronto but only for two years at a time.

In a sharp letter from the Swedish and Norwegian ministers of transport the Danes are accused of endangering Scandinavian air traffic co-operation.

"This is the first time in history that one of the three countries which are parties to the joint air traffic co-operation has defied the others," it said.

The two countries have said they will not permit Sterling to fly air charters to Toronto from Stockholm and Oslo.

SAS said yesterday Sterling's general right to fly charters out of Sweden and Norway may now have to be reconsidered. It said the Danish Government's decision upsets the Scandinavian balance and may lead to a chain reaction.

This is the second time this year that the Danish Government has acted against the advice of its Scandinavian colleagues on an air traffic issue. Last spring the Danes approved cheap charter tours between Copenhagen and New York. The other countries protested, but subsequently were forced to grant similar rights Oslo and Stockholm.

AGA, the Swedish-based industrial gas group, has approved further expansion in the Nordic market through construction of two new air separation plants in Finland and Sweden.

Turkey in Y30bn energy sector loan

By David Barchard in Ankara

TURKEY has negotiated a Y30bn ($200m) medium term commercial loan with 14 Japanese Banks acting as lead managers and each guaranteeing a Y1.7bn portion of the loan.

The lead banks are engaged in a sell down operation to other Japanese institutions and a formal signing of the agreement is expected in the second half of next month, Treasury officials here said yesterday.

The loan is part of a $800m World Bank-sponsored package for the Turkish energy sector and is a sign of the continuing interest of the Japanese banks in the Turkish market. Among the lead managers for this loan are Mitsubishi, Mitsui, the Industrial Bank of Japan, Sumitomo, and the Dai-Ichi Kangyo Bank.

The commercial portion of the loan will be repayable over 10 years from the signing date and carries an interest of 1 per cent above the Japanese long-term prime rate (LTPR).

The loan is likely to be used for balance of payments purposes and will be seen as a further indication that Turkey is having no major problems in finding medium-term finance.

The balance of payments this year is proving much more manageable than in 1986, and officials are hoping that Turkey may be able to improve significantly on its current account deficit target for the year of $1.1bn.

At any rate, officials are optimistic that no major new borrowing will be necessary during the remainder of the year.

NCR fined for breach of US anti-boycott laws

THE US Commerce Department has imposed a $381,000 penalty on computer-maker NCR for 266 alleged instances of co-operating with the Arab boycott of Israel, the biggest such penalty in the 10-year history of US anti-boycott laws, Reuter reports from Washington.

NCR neither admitted nor denied the alleged violations, the department said.

"The disclosed transactions were the result of a comprehensive internal investigation undertaken by NCR," NCR spokesman Robert Farkas said. "Most of the disclosed transactions were made by non-US nationals who were uncertain about the provisions of the US anti-boycott law. NCR has designed and implemented a comprehensive compliance programme to educate appropriate employees worldwide about the provisions of the US anti-boycott regulations."

Between 1982 and 1985, nine foreign subsidiaries of the Dayton, Ohio-based company allegedly provided information to Arab League countries involving their business relations with countries and people on the league's boycott list, the department said.

The department also said that on 10 occasions, NCR subsidiaries allegedly agreed to comply with the Arab boycott of Israel and individuals and companies doing business with the Jewish state.

Pakistan secures flood plan loan

THE Asian Development Bank has approved loans of $149m for a flood protection venture and a gas transmission project in Pakistan, Reuter reports from Manila.

The bank said $115m would be earmarked to help to finance a $160.4m flood protection project.

The loan is for 40 years, including a 10-year grace period, and carries a service charge of 1 per cent a year.

Shadow falls over Japanese tariff hopes

Ian Rodger reports from Tokyo on reaction to slow progress in dismantling punitive US trade barriers

THE JAPANESE Government has become pessimistic about the early removal of punitive US tariffs applied in April on a range of Japanese products, despite the substantial alleviation of the US grievances which led to their imposition.

Ministry of International Trade and Industry officials fear that once the US Congressional conference on the omnibus trade bill begins next month, it will be politically impossible for the US Administration to lift the sanctions. Similarly, the Japanese authorities are reluctant to press hard at this time for removal of the tariffs, for fear of further inflaming anti-Japanese sentiment in Congress.

However, there is little sign of anxiety among the Japanese companies most affected by the tariffs. In some cases, companies have accelerated construction of US factories to produce goods that can no longer be imported.

The 100 per cent tariffs were imposed on a range of electrical and electronic goods, including colour televisions, computers, desk calculators and power drills, worth approximately $300m a year, in retaliation for alleged Japanese violations of a bilateral agreement on semi-conductor trade signed in September, 1986.

The US accused Japanese producers of dumping chips in third markets and charged that the Japanese Government had failed to live up to a commitment to help US chip makers gain access to the Japanese market.

The Japanese denied that they had violated any provision of the agreement, but MITI early this year imposed production quotas on Japanese chip makers, and stepped up its efforts to help US companies enter the Japanese market.

In June, the US Government recognised the efforts being made by the Japanese, and lifted the tariffs from goods worth about $51m a year. Last week, Mr Bruce Smart, the US Undersecretary of Commerce for international trade, said in Tokyo that the US hoped to be able to "take favourable action in the not too distant future" on removing the remaining tariffs.

However, he added that progress in opening the Japanese market was still insufficient. The figures "have been moving in the right direction, but they are not there yet," he said. Also, he noted, there were differences both in the figures used by the two sides and in the assessments made of them. MITI officials claim that dumping in third markets has been eliminated and that the share of US chip companies in the Japanese market has risen from 10 per cent to about 12 per cent, but US figures tell a less positive story.

Initially, the Japanese expected that the sanctions would be fairly shortlived, and that the leading electrical exporters would be able to get by with existing inventories in the US. The inventories are now running down, but while the companies would all like to see the tariffs removed, they seem relatively unperturbed by their continuation.

The main reason for this calm attitude is that they have accelerated their plans to manufacture products in the US, in order to get around the tariffs. NEC said it has accelerated its plans to produce lap top computers in the US, beginning production at a factory near Atlanta in June. It also makes personal computers at a factory in Boston, so it has been able to supplant its imports from Japan. Matsushita said it had had to curtail shipments of colour televisions and personal computers, but the damage was small. Hitachi said that it had shifted production overseas and was hoping that overseas sales would offset the decline in exports.

Toshiba is also in the process of shifting production of lap-top computers to the US, but production will begin next month at a level 50 per cent below the 10,000 units a month that the company was importing from Japan until April. The damage was "serious," a spokesman said, and the company hoped for an early lifting of the tariffs.

MITI officials fear that the Congressional conference on the omnibus trade bill will be a particularly long one, and so they doubt that the sanctions will be lifted before the end of the year.

Diet agrees to tighten laws on export controls

A JAPANESE parliamentary committee has passed a bill to tighten control of exports to communist countries, bowing to US pressure over the sale by Toshiba Machine of advanced propeller-milling machines to the Soviet Union, Reuter reports from Tokyo.

The bill, which calls for stiffer penalties, will be submitted to the plenary session of the House of Representatives.

It would increase criminal penalties from less than three years imprisonment to five years. Companies would face export bans of up to three years compared with one year now.

Mr Hajime Tamura, Minister of International Trade and Industry, told a Diet committee session yesterday that the US had asked the Japanese government to revise the laws.

Mitsui acts over war-hit plant

BY YOKO SHIBATA IN TOKYO

MITSUI of Japan has taken action to protect its insurance rights over a war-damaged Y600bn petrochemical plant at Bandar Khomeini in southern Iran. The trading house's initial investment in the project amounts to Y135bn.

The company said the move — through the Ministry of International Trade and Industry — was aimed at enabling it to retain the right to claim export insurance benefits before the insurance expires today.

If the damage is officially recognised, the right to claim insurance benefits will be extended by two years and four months.

The project, Iran-Japan Petrochemical Co. (IJPC), a joint venture between Mitsui and the Iranian government, was started in 1973 and was 85 per cent completed by 1980 when the war with Iraq erupted. It was halted in October 1984 because of the war.

Matsui believes the plant is beyond repair after being bombed 10 times. It has been unable to inspect the plant because the Iranian government, citing military secrecy, has banned Japanese engineers from entering the site.

MITI is reacting cautiously, fearing Mitsui's action could lead to tension in relations with Iran, a main oil supplier for Japan. MITI has previously advised Mitsui not to demand insurance benefits for IJPC.

Indonesia and Vietnam strengthen trade ties

INDONESIAN and Vietnamese officials yesterday completed 10 days of talks in Jakarta, marking a further improvement in ties between the two countries, writes John Murray Brown in Jakarta.

The Vietnamese mission to Jakarta, headed by Mr Nguyen Nhattan, Deputy Food Industry Minister, coincided with a visit earlier this week by Indonesian officials to Hanoi and Ho Chi Minh City.

The talks in Jakarta were aimed at increasing commodity sales and in particular completing negotiations on a 100,000 tonne rice loan to Vietnam, agreed late last year.

Trade with Vietnam is the subject of some confusion within the Association of South East Asian Nations (Asean)—a non-Communist economic alliance formed in the wake of US withdrawal from Indochina in the mid 1970s.

Officially, the six-member group—Indonesia, Thailand, Malaysia, the Philippines, Singapore and Brunei—has agreed an economic embargo against Vietnam in a bid to speed a settlement of the conflict in neighbouring Kampuchea, occupied by 140,000 Vietnamese troops.

Asean has criticised Australia and Japan for promoting commercial links with Hanoi. But in practice Asean members, while at pains to point out the distinction between aid and trade, have been quick to further their own commercial ties.

Indonesia's exports in 1986, made up of fertiliser, rice and cement, increased to $24.3m from $4.9m in 1985. Indonesian imports from Vietnam in 1986, largely oilseeds, came to just $4m.

Jakarta is also considering a joint venture with Nissho Iwai, with the Japanese trading house using Indonesia as a base to export to Vietnam, so avoiding high manufacturing costs in Japan because of the strong yen.

● Indonesia has made its first shipment of urea to Vietnam from its north Sumatran fertiliser plant, one of five projects devised under an Asean co-operation agreement reached in 1976. Trade with Vietnam seems certain to be high on the agenda of the Asean summit scheduled for Manila this December.

Dutch in Malta airport contract

THE NETHERLANDS Airport Constructors' Organisation has beaten four rivals to win the design contract for Malta's new airport terminal scheduled to cost between 10m and 12m Maltese pounds, writes Godfrey Grima in Valletta.

Other bidders included British Airports International and Taylor Woodrow.

The terminal will help cope with traffic generated by Malta's fast-growing tourist industry, which is aiming to attract a million holidaymakers next year.

UK NEWS

CEGB begins talks on private power schemes

BY MAX WILKINSON, RESOURCES EDITOR

THE CENTRAL ELECTRICITY Generating Board is negotiating with five separate private-sector bodies which want to build and operate power stations and supply electricity to the national grid on long-term contracts.

The move is an important departure from the board's past practice, which has been to keep all power generation within its control.

Although the five schemes under discussion are smaller than the board's recent large power-station projects, they could together produce about 1.5 gigawatts (1,500 megawatts) of power, about half as much again as the new nuclear pressurised water reactor being built at Sizewell in Suffolk on the east coast of England.

The largest of the projects is for a new power station to be built on the Thames, probably at Tilbury, by a private group which would expect to use cheap imported coal, perhaps even from South Africa. This station would produce 750 MW of electricity but might be enlarged to 1GW, or roughly the capacity of Sizewell.

Other coal-fired plants are being discussed for sites in Wales and East Anglia, while a combined cycle gas-fired power station is being considered in Dorset in the south of England. This would be built by John Brown Engineering, a subsidiary of the Trafalgar House group.

All five projects are still in their early stages. However, the CEGB obviously hopes that its willingness to discuss schemes with private-sector competitors will help to persuade the Government that it should be kept intact when the industry is privatised.

One of the main changes from past practice is that the board is discussing 20-year contracts for the purchase of private sector electricity rather than buying at prices set from year to year.

The discussions also appear to show a change of heart by the Government, which discouraged the CEGB from pursuing such schemes during the last Parliament when Mr Peter Walker was energy secretary. After the change of ministerial team under Mr Cecil Parkinson, the board appears to have been told that it may re-open talks.

The key to this change of heart appears to be a greater willingness to risk the anger of miners' leaders by sanctioning a project based on imported coal. The main advantage of the Tinbury scheme for the CEGB appears to be that it could buy electricity based on cheap imported coal which it could not itself buy.

The board was unwilling to discuss the schemes yesterday, but confirmed that it was talking to several groups.

New PCs launched by Apricot

By David Thomas

APRICOT, the Birmingham-based computer manufacturer, yesterday launched a range of machines which incorporate networking requirements into the basic design.

Computer analysts believe that networking – the linking of personal computers into one system – will become more important in the computer industry.

The Apricot machines, named PC/S, are an update of the range using the 286 microprocessor it unveiled about 18 months ago when Apricot began a dramatic shift in its policy by introducing more upmarket machines which were also IBM-compatible.

Mr Roger Foster, Apricot chief executive, said the requirements for networking, such as networking cards and software, were built into the range. Normally, a customer has to pay for these on top of the PC cost.

He added that the PC/S range would be particularly suitable for networks of up to about 10 machines.

The range was more powerful than the previous one, which would be gradually phased out, but did not cost any more. It was also compatible with the recently-launched IBM personal computer software.

Mr Foster said Apricot was selling about 2,000 machines a month, of which about two-thirds were the 286-based range and the rest the more powerful 386-based machines.

Investor protection reforms delayed

BY CLIVE WOLMAN

THE GOVERNMENT yesterday postponed the implementation of the crucial parts of its new investor protection framework until the beginning of April, while the introduction of personal pensions has been delayed six months until next July.

The decision to delay implementing section 3 of last year's Financial Services Act, which makes conducting an unauthorised investment business a criminal offence, was announced by Mr Francis Maude, the corporate affairs minister at the Trade and Industry Department.

A series of delays over the spring and summer made the earlier target date at the end of this year unrealistic, in particular for the smaller investment advisory firms.

Mr Maude also announced that all investment firms would have to apply for authorisation to a self-regulating organisation (SRO) or the Securities and Investments Board (SIB) by mid-January, or risk being forced out of business. "That means that they need to be thinking about it now. Not just the big City firms but everyone who advises on investments," he said.

The Act was scheduled to be implemented in early 1987, but last winter the date was postponed until the end of the year. The delays have been caused partly by parliamentary amendments which added to the complexity of the Act, but mainly by the logistics of conducting negotiations over the rules with so many official and private organisations, in particular the Office of Fair Trading (OFT).

Even now, only four of the five proposed SROs have submitted their rulebooks for approval by the SIB, the regulatory overseer, and the OFT, which has to comment on any anti-competitive elements.

The laggard, the Life Assurance and Unit Trust Regulatory Organisation (LAUTRO), has already been told by the SIB to make its rules less indulgent towards insurance brokers and salesmen. It is expected to submit its rulebook early next month.

The postponement made inevitable a similar delay introducing personal pensions legislation.

The regulations following up the 1986 Social Security Act, which introduced personal pensions, placed the consumer protection aspects, in particular relating to their selling, within the Financial Services Act primarily to avoid duplication.

Personal pensions marketed by life companies and unit trust companies are defined as investments by that Act, although pensions which involve savings in banks and building societies are not so covered.

Personal pensions were originally to have been available from January 4, 1988, for employees not in company pension schemes and the self-employed and from April 6, 1988, for employees who are members of such schemes. Now they will be available to all from July 1, 1988.

Wimpey links with Tishman

BY ANDREW TAYLOR

GEORGE WIMPEY, Britain's biggest construction contractor, and Tishman Realty and Construction, a US company which has helped build some of the world's largest buildings, have formed a joint venture to offer construction management for UK projects.

Construction management, under which a lead contractor does no building work but manages a development from design through to completion, is one of several project management techniques to have devolved from the US fast-track approach to development.

The system has become increasingly popular with British developers who say that project management has helped reduce costly delays and enabled contractors to identify potential problems before they arise on site.

A number of Japanese construction contractors who have recently begun operating in the UK, are believed to have been seeking British joint-venture partners to increase their chances of winning a greater share of the growing management construction business.

Wimpey said that Tishman, a privately-owned New York-based company, had wide experience of construction management in the US. It had been involved with the construction of the twin-tower 110-storey World Trade Centre in New York, the 100-storey John Hancock Center in Chicago and Walt Disney's $1bn EPCOT centre in Florida.

It was the first time that Tishman, presently involved in construction projects worth about $3bn, had operated outside the US.

Wimpey, which with John Lok recently completed the project management of the £500m ($800m) Hong Kong and Shanghai Bank headquarters in Hong Kong, said the joint venture with Tishman initially would be looking to manage projects worth at least £30m to £40m.

Last year Wimpey increased pretax profits by 42 per cent from £46.9m to £66.5m, despite a fall in turnover from £1.58bn to £1.46bn.

Poll finds in favour of private schools

By Dina Medland

ALMOST HALF the parents of children in state secondary schools would send their children to private schools if they could afford it, according to a poll conducted by Market & Opinion Research International (Mori) for Reader's Digest magazine.

Among Labour voters, 36 per cent aspired to private education for their children, compared with 52 per cent of Conservative supporters.

Although there has been an increase in independent schooling in the past few years, in 1986 independent schools accounted for only 6.7 per cent of all pupils, according to statistics from the Department of Education and Science.

But even those who would not choose private education for their children were not enthusiastic about the present system of comprehensive schools, which mix together children of different ability. Only 32 per cent favoured retaining the system.

Comprehensives were most popular with working-class parents (38 per cent), and found more support among Labour and Alliance supporters (41 per cent and 42 per cent respectively) than Conservatives (21 per cent).

Presented with a list of three possible options for state secondary education, 61 per cent opted for a return to selection for grammar or secondary modern school.

Grammar school entrance determined by continuous assessment appealed to 45 per cent, while 17 per cent preferred an exam pass mark to be the deciding factor.

Those favouring grammar schools with continuous assessment determining entrance tended to be in the upper social groups (50 per cent).

There were also regional differences. In the north of Britain, this option was almost twice as popular as the retention of comprehensive schools, which received more support from parents in the Midlands.

The proposed national curriculum in schools was supported by 45 per cent of parents, and opposed by 40 per cent.

Parents appear less in favour of a national curriculum than the general public. In a Mori survey conducted among the general public for The Times of London newspaper in June almost two-thirds (64 per cent) agreed with a national core curriculum and only 12 per cent disagreed.

British Gas faces revolt

By Lucy Kellaway

BRITISH GAS will today face hostile questions at its annual meeting from its industrial customers in revolt over the prices they are paying for their gas, and from consumers anxious about the company's dispute with Ofgas, its regulatory body.

Mr Philip Wright, managing director of Sheffield Forgemasters, which has been leading the industrial protest, said yesterday that he had prepared a tough list of questions for Sir Denis Rooke, Chairman. Meanwhile Sir Denis will also be questioned about his refusal to supply information to Ofgas concerning the setting of domestic gas prices.

The meeting will also settle the contentious matter of whether Sir Ian MacGregor, former chairman of the coal and steel industries, will be elected to the British Gas Board.

Mr Wright, who nominated Sir Ian as a candidate, claimed yesterday to have the support of many shareholders.

But yesterday it seemed that a large majority would vote against the election of Sir Ian, as requested by British Gas in a terse letter sent last weekend by Sir Denis.

LEADERSHIP TALKS DASH PROSPECT OF COMPROMISE

Liberal-SDP split deepens

BY PETER RIDDELL, POLITICAL EDITOR

THE SPLIT within the Social Democratic Party over its future relationship with the Liberals yesterday became more entrenched after meetings between leaders of the two parties and Dr David Owen, the former SDP leader.

These talks removed the highly remote chance of any compromise between the majority of the SDP favouring the principle of a merger with the Liberals, as reflected in the vote by members three weeks ago, and the minority backing Dr Owen in wanting a continued independent social democratic party.

Mr David Steel, the Liberal leader, held a separate meeting with Mrs Shirley Williams, the SDP president, and Dr Owen for the first time since they returned from holiday.

His lunch with Dr Owen was described as "pleasurable," although the brief statement from both sides afterwards said there had been no intention of making decisions then, and expressed the hope that their personal relations would not be affected by what happened to their parties.

David Owen: facing 'empty future'

David Steel: met with a rebuff

It quickly became clear that Mr Steel's largely formal plea to Dr Owen to change his mind had no impact, and Dr Owen repeated his determination to retain a separate SDP identity and name.

However, a clear division between the new merged party and Dr Owen's group looks likely since Mrs Williams made clear after her talks with Mr Steel that he had said there could be no guarantee of an electoral pact. She argued that Dr Owen would have "virtually an empty future" outside the new party.

The two sides in the SDP are now manoeuvring for position ahead of the party's conference in Portsmouth beginning this weekend which one seasoned senior participant said was likely to be "an extremely unpleasant occasion." This will decide the terms of the negotiations.

The five SDP MPs will meet this afternoon to discuss the leadership after Dr Owen's resignation. Mr Robert Maclennan, the MP for Caithness and Sutherland, has already said he will stand after his switch to supporting talks on a merger. But he faces pressure from the anti-merger group to leave the position vacant. Nominations close on Saturday.

Further problems have arisen as a result of financial pressures, with the SDP's finance committee last night considering further redundancies at its headquarters. The number of staff has already fallen from 51 before the June general election to 36, with proposals to cut to about 25.

The Liberal Assembly in mid-September will also be dominated by the merger issue, although it was revealed yesterday that about 100 out of 635 constituency parties had not paid central affiliation fees and their local members might not be able to vote in its merger ballot in October.

Former Tory minister to head national consumer body

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

MRS SALLY OPPENHEIM-BARNES, the former Minister for Consumer Affairs, is to become the next chairman of the National Consumer Council (NCC).

She is to replace Mr Michael Montague, the council's chairman who is also chairman of the Yale Valor group.

The appointment came as a surprise yesterday to many in the consumer movement who had expected Mr Montague to be appointed for a second term at the NCC.

However, Mrs Oppenheim-Barnes' appointment is seen as a significant move by Lord Young, the Trade and Industry Secretary, to make the NCC more pragmatic and less concerned with consumer issues which many Tory politicians see as being outside its remit.

The NCC has been criticised for adopting a too radical attitude to Government policies on consumer issues and it has been suggested that tighter control of its activities was needed.

Mr Montague was in the US on holiday yesterday but his secretary in London said that he was "delighted" at the news of Mrs Oppenheim-Barnes' appointment. Mr Montague's three-year apointment was due for renewal next month.

The Government may have decided, however, that Mr Montague has more to deal with after his company's recent acquisition of two US companies, Yale and NuTone for £284m.

Mrs Oppenheim-Barnes, who retired as an MP at the last general election, was highly regarded by consumer activists when she took over as Minister for Consumer Affairs in the new Conservative government which came to power in 1979.

Conductor technology takes leap

By Janet Rippeteau

SCIENTISTS at Cambridge University confirmed yesterday that a new material developed in Japan conducts electricity without resistance at temperatures much higher than the new generation of "warm superconductors" discovered this year.

The Japanese company which developed the new compound, the Electro Technical Laboratory at Ibaraki, claimed last week that the material worked at and above room temperature. This is a revolutionary discovery, although the Cambridge team has not been able to confirm it yet, according to Dr W. Yao Liang of the Department of Physics at Cavendish Laboratory.

Several companies claim to have demonstrated the room temperature effect, but only fleetingly.

"Warm superconductors," which transmit current with almost no power loss, have fascinated science and industry because of their sweeping potential in applications from power generation to computers and medical scanners.

There are superconducting materials in limited use today but they require costly cooling systems because they work only when frozen to nearly absolute zero (0° Kelvin or –273°C.)

Cornhill/Porchester buys Dutch group

BY NICK BUNKER

CORNHILL/PORCHESTER, the financial services group, has gone ahead with its acquisition of Merchant Investors, the unit-linked life assurance company, after eight months of negotiations with the previous owner, Nationale Nederlanden, the Netherlands' biggest insurer.

Mr Terry Harvey, Porchester/Cornhill's Deputy Managing Director, said guesses by outside observers had ranged from £10m to £40m. "It would be fair to say that it was between those two figures," he said.

Cornhill/Porchester is a joint venture company that was launched in January by Cornhill Insurance, the British subsidiary of Allianz, the West German insurance group, and Porchester, which claims to be Britain's biggest life assurance intermediary.

Mr Trevor Deaves, Cornhill/Porchester's Chairman, said the acquisition of Merchant Investors was finally agreed on August 25. He said it was "a massive sign" that the impact of last year's Financial Services Act would cause a shake-up in the life assurance industry and a possible contraction in the number of life companies.

By January 1 1988, Cornhill/Porchester expects to send to Merchant Investors all the new business produced by Porchester's 700 sales staff. Mr Deaves said he was planning more acquisitions in the financial services field but was not seeking to buy another life company.

NatNed results, Page 17

UK NEWS

Standards for motorway building raised

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THE TRANSPORT Department yesterday announced revised standards for road construction intended to ensure that new stretches of motorway last at least 40 years.

Mr Peter Bottomley, roads minister, said the required lifespan for concrete motorway was being raised to match the standards for black-surfaced roads.

That was raised from 30 years to 40 in 1985 after the Transport and Road Research Laboratory had indicated that substantial savings in maintenance costs could be expected.

The design standard for concrete roads was left at 20 years while the TRRL carried out further research, although in 1984 a requirement for stronger concrete was introduced.

The revised standards are expected to lead to maintenance savings of up to £400m over the life of the road, even though the motorway construction programme is virtually complete. Only about 150 miles of motorway remain in the department's road construction programme, mostly plugging gaps in the existing network.

Mr Bottomley said the increase in required lifespan would add about 2 per cent to the cost of concrete construction — similar to the effect on black-top construction.

There will be no increase in the available finance for road building, however. Contractors will have to absorb the increase in tender prices.

Two new types of concrete road are being added to the list of permitted designs for motorways, giving contractors a wider choice of options.

Both make use of continuous steel reinforcement without joints and might lead to further reductions in maintenance. Construction costs would probably be higher than for conventional concrete.

Mr Bottomley said changes in tendering procedures and the number of designs would enhance competition and encourage contractors to exploit their construction skills.

The Transport Department also announced a new system of mobile roadworks warning signs on motorways for minor maintenance work such as renewing white lines.

Warning signs will be mounted on vehicles travelling in convoy in the hard shoulder and any affected carriageway. The system is intended to be quicker and more flexible than existing warning methods and might mean using up to a million fewer traffic cones each year.

Slower growth seen in Scotland than UK

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

PROSPECTS for the Scottish economy are good in the short term, but in Scotland output will still grow more slowly than in the UK as a whole.

That is the conclusion of the Fraser of Allander Institute, Scotland's leading economic research group, in its latest quarterly bulletin.

The institute notes that for two successive quarters its surveys of business opinion in Scotland have shown increasing optimism.

Its latest July survey is the most positive since the surveys began in 1984.

Demand from export markets and the UK is strong, while the domestic Scottish market is expected to improve in the coming months.

In the labour market, vacancies in the year's first quarter reached their highest level since the beginning of 1980 and are continuing to rise. The seasonally adjusted level of unemployment has fallen by 3,100 a month on average over the six months to July.

The institute notes, however, that the rate of decline in Scottish unemployment during the period is only about two thirds economic indicators suggest of that in the UK as a whole. That reflects the residual effects of last year's fall in the oil price it says.

Given the heavy dependence of the Scottish economy on the British economy as a whole, the institute is worried that some tive implications for Scotland. overheating.

It fears that the 1-percentage-point rise in the base lending rate at the beginning of August might have two nega- It might make it harder to carry out badly needed investment in re-equipping Scottish industry, and it might slow down the flow of mobile investment to Scotland from other parts of the UK.

Ayrshire open-cast coal production given go-ahead

BRITISH COAL yesterday welcomed the decisions by Cumnock and Doon Valley District Council planning committees to recommend planning permission for open-cast coal production at Chalmerston, near Dalmellington, Ayrshire.

The sit ewill provide 2.5m tonnes of cheap coal. As many as 75 jobs will be directl yprovided at the site and local organisations will provide services.

British Coal has agreed to apply for grant aid to enable coal to be taken from the site by rail. That would ease the increase in traffic on the surrounding roads.

Site operations will last about eight years. The coal will be developed and worked and the land restored for agricultural or recreational use in stages.

Mr Bill Rowell, British Coal's assistant director of open-cast operations, said: "Only by providing low-cost fuel can we stay in the marketplace, which is now very competitive." The site will eventually replace British Coal's operation at Benbain, Ayrshire.

Clive Wolman looks at the growing City practice of back-door reimbursement after deregulation

Big Bang payback comes through 'soft' commissions

THE BIG BANG deregulation of the Stock Exchange was widely expected to end the various hidden benefits from which investment managers typically derived more than half their incomes at the expense of their clients.

In recent months, however, a new type of arrangement with stockbrokers has been gaining popularity. The fund manager puts share transactions through the stockbroking firm and pays it commission out of his customer's funds. The customer is typically a unit-trust investor or pension fund.

In return, the stockbroker pays the fund manager's bills for computer equipment and various back-up services. The fund manager will receive a payback of 50p for every £1 of commission he allocates under the terms offered by two such new-style firms.

The Securities and Investments Board and the Investment Management Regulatory Organisation (Imro), the new self-regulating organisation set up under last year's Financial Services Act, originally planned to outlaw such practices. As a result of lobbying, however, the proposed rules now permit such arrangements, provided they are disclosed to the client. The rules take effect next year.

Nevertheless several pension-fund consultants and fund managers believe the rules will allow fund managers effectively to deceive their clients while covering themselves legally in small print. They say that is the main, if not the only, reason for making such circuitous payments.

According to Mr David Hager, a partner of Bacon and Woodrow, the leading firm of actuaries and pension fund consultants: "The practice is completely unacceptable even if it is disclosed, as most trustees do not realise that the kickbacks on the commission are a cost to them. It would be stopped if Imro had any teeth, but this is the problem of self-regulation.

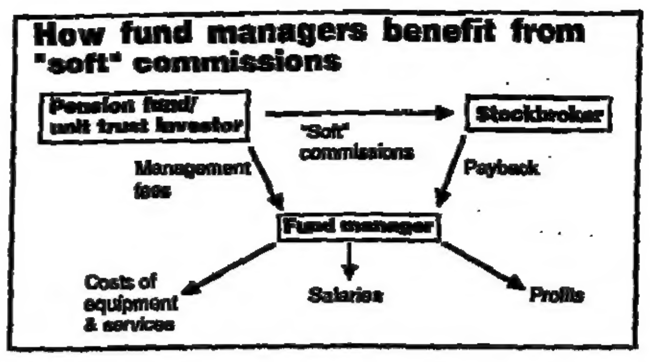
Small investors in unit trusts, who lack professional advnce, will find it even more difficult to work out what is going on.

At present, some fund managers do not even disclose the arrangements in their small print. Mr Robin Ellison, a solicitor with pensions specialist Ellison Westhorp, says that probably breaches common law.

"It is pretty close to fraud. At the very least, all the kickbacks should be returned to the clients," he says.

Mr P. A. R. Brown, a consultant to Imro, said the rules could be changed if the industry applied sufficient pressure. Meanwhile, the disclosure requirements offered at least some protection.

How fund managers benefit from "soft" commissions



The leading firm at present to offer what it calls "soft commission services" is Hoenig Institutional Services, which was set up in November 1985 as a subsidiary of Hoenig and Co, a New York stockbroking firm. It is an associate of Hoare Govett, the UK securities firm. Both are owned by Security Pacific National Bank.

For a straightforward broking service, it charges institutional investors 0.1 per cent commission, or £1,000 per £1m transaction. The alternative is to pay 0.2 per cent, or £2,000, in "soft commissions" and let Hoenig give back the extra £1,000 by paying the bills of the fund manager.

A monthly account statement is sent to each fund manager, which shows the amount of surplus commission he has given, offset by the bills that Hoenig has paid on his behalf.

The other firm in London to offer a 50p-in-the-£1 payback of commissions to fund managers is Autranet, which is also an offshoot of a New York firm and was set up in the UK last December.

Hoenig offers a similar arrangement for commissions paid on equity transactions in the US, Japanese, Asian and European stock markets. Pension-fund consultants say transactions in overseas markets through overseas brokers are presently the largest source of paybacks to the UK fund manager. In some cases, the commissions are as much as 0.5 per cent and 0.625 per cent to permit the paybacks.

In the pre-Big Bang era of fixed commissions in the UK, fund managers regularly received such services from stockbrokers. But then the fund managers could argue that investors had to pay the minimum commission anyway, so they were losing nothing.

Since last October, however, investors can deal at rates below 0.2 per cent or avoid paying any commission at all by dealing directly with the market makers.

Mr Clive Sinclair-Poulton, Hoenig's managing director, says his business has taken off in the last few months. He claims to have about 56 fund management firms as clients and transacts 40 to 50 bargains a day with an average value of $400,000.

Four-fifths of those transactions are on a "soft commission basis."

All the services that Hoenig "softs," Mr Sinclair-Poulton says, such as Reuter screens, Datastream share price information and WM Company portfolio valuations, ultimately benefit the pension-fund or unit-trust investor and are therefore accepted as legitimate in the US.

If the fund managers made the payments out of their own pockets, they would have to charge higher fees to their clients, he says. Often the process of asking for a fee increase from a pension fund is a cumbersome one, because the trustees have to seek approval from the board.

Mr Ken West, the director of research at Prudential Portfolio Managers, a subsidiary of Prudential Assurance, says, however, that soft commissions make it difficult or impossible for pension-fund trustees to compare the fees of the investment management firms that are competing for their business. A fund manager who benefits from "softing" will appear to be charging less when he is really charging more.

Mr West believes that that, and the right of fund managers to mark up or mark down the price of shares they buy or sell for clients, will emerge as the two main forms of covert remuneration in the new set-up.

Mr Hager believes that soft commission services are distorting the entire UK investment management business. UK firms, he says, are taking off-the-shelf US valuation and analytical services instead of developing their own software, because the costs of such development could not be easily recouped through soft commissions.

Tests show livestock's radiation intake can be cut

BY DAVID FISHLOCK, SCIENCE EDITOR

BELFAST 1987

EXPERIMENTS showing that it may be possible to reduce the uptake of radioactivity by grazing animals have been successful at Queen's University, Belfast, the British Association's annual conference learned yesterday.

Professor Cecil McMurray, head of the department of agriculture and food chemistry, said bentonite, a clay mineral, and prussian blue, an iron compound, both reduced the uptake of caesium by grazing livestock.

Radioactive caesium (caesium-137) is the chief hazard remaining from the Chernobyl fallout, which is still affecting Britain's upland sheep farmers, as well as reindeer husbandry in Scandinavia.

Prof McMurray, delivering the presidential address to the agriculture section, said transfer of caesium from soil to plants was normally insignificant because, it was believed, of the strong binding of the element to the clay present. But some upland soils were acid, contained much organic matter, and were poorly drained. In such soils, the caesium remained free or at best weakly bound to the soil.

Some upland vegetation, such as lichens, could also absorb caesium directly from the atmosphere and, because of an extremely long life, could retain the element for many years.

Another complication for the upland sheep farmer was that sheep retained caesium more efficiently than cows.

All those factors had combined to sustain the uptake of radioactive caesium by upland sheep, Prof McMurray said. It was difficult to predict the rate at which those areas would lose their caesium. One estimates suggested about 20 per cent a year, mainly by leaching.

As a blocking agent to prevent uptake, prussian blue was much more efficient than bentonite and would form the basis of a cost-effective way of reducing caesium concentrations on a farm scale, he forecast.

But there were still difficulties where the livestock was getting constant daily exposure to caesium. He hoped an effective "slow release" delivery system for the blocking agent would be devised.

Prof McMurray said it was misleading for opponents of food irradiation to link the process with fallout from Chernobyl. It was also nonsense to argue that food irradiation supported the nuclear power and nuclear weapons industries.

Elimination of organisms

ORGANISMS CAUSING food poisoning—salmonella, campylobacter and vibrio, for example—could be eliminated from poultry, fish and shellfish by relatively low doses of radiation, said Dr Bevan Moseley, senior lecturer in microbiology at Edinburgh University. Food spoiling organisms such as pseudomonas and alteromonas were also eliminated.

Dr Moseley said food irradiation might benefit Britain and the international community.

The first practical use of food irradiation was the application of X-rays to kill the parasite Trichinella spiralis in meat, patented in the US in 1921. But lack of commercially suitable sources of radiation had prevented the economic developmen of the process until 1945, when electron accelerators and radio isotopes such as cobalt 60 became available.

Dr Moseley said bacteria were killed by radiation because they usually contained only one chromosome in the form of a long, circular molecule of double-stranded DNT. Radiation broke one or both strands.

Bacteria that suffered double-strand breaks could not repair them and therefore could not divide and multiply.

In general, the food poisoning and spoilage bacteria were more sensitive to radiation.

No cases were on record of radiation producing a more virulent mutation — "indeed, mutation normally results in the loss of a characteristic rather than its gain."

Irradiation was no different from any other non-sterilising process in regard to survival of Clostridium botulin spores. If a toxin had been produced in the food before irradiation, it could not be removed by irradiation, even though the microbe that had produced it could be killed.

"However, it is envisaged that irradiation will be used to treat fresh food to prolong its shelf life and to e liminate most food-borne patrogens," he said. No special hazard would arise "that cannot be satisfactorily evaluated and avoided using standard microbiological and technological methods."

Because of such procedures, there had been no deaths from botulism as a result of eating food processed in Britain for the last 60 years, Dr Moseley said.

Pesticide residues 'not a hazard'

MUCH NONSENSE had been spoken and printed on the subject of pesticide residues in British food, Mr Frank Shenton, former county analyst for Durham County Council, told the chemistry section.

Voluntary controls agreed between the agrochemical companies, farming interests, the Ministry of Agriculture and regulatory authorities worked well. "No one has ever been ill in the UK, let alone poisoned, by eating food containing pesticide residues," Mr Shenton claimed.

The farmer needed to make full use of available chemical aids, in spite of which "many millions of pounds worth of food is destroyed each year by rodent and insect attack."

He said we could return to an agricultural economy using the "natural" methods of the Victorian age—no pesticides, artificial fertilisers or other agrochemicals — provided two thirds of Britain's population was prepared to starve. He forecast a paucity of volunteers.

Mr Shenton said the British housewife—"a reasonable considerate and caring person for most of the time"—underwent an awesome change when she found a foreign body such as a finger bandage in a meat pie. She normally assumed every article of food on sale was perfect.

Considering the hundreds of millions of units of food produced, sold and bought each day, the odds on finding a foreign body were infinitesimal, and even when one was found, public analysts were sometimes forced to conclude that it had been deliberately introduced by an employee harbouring a grudge against management.

Research on witness description

A POWERFUL new way of building a likeness of a wanted person from the memory and description of eyewitnesses is being developed by the Home Office's scientific research and development branch, working with a group at Aberdeen University.

Dr Graham Davies, senior lecturer in psychology at King's College, Aberdeen, said Faces—facial analysis, comparison and elimination system—consisted in its present prototype form of a computer record of 1,000 photographs of different faces, each of which had been assessed on 49 different scales of rating.

Some ratings came from observation, including eye and hair colours and style. Others were based on physical measurements and were added by touching a projected image of the face on a VDU screen.

Dr Davies said Faces had profited from earlier efforts at capturing likenesses from eyewitness accounts, including Identikit and Photofit methods of making a match, and the Home Offices's Prod (photographic retrieval from optical disc) system announced in 1985.

With Faces, a search through mugshots would throw up a shortlist of faces best fitting the witness's description. They could be shown to the witness, who would either make an identification or modify the initial description.

Pilot studies suggested that Faces was a powerful and effective tool for searching photographic archives "which can eliminate much of the confusion and interference caused by manual searches." One study had invited volunteers to find an individual whose face they had seen briefly, using either a conventional search through albums of mugshots, or Faces.

Faces produced a better rate of correct retrievals, 69 per cent compared with 44 per cent for mugshots; and fewer misidentifications particularly when the face sought was bland and devoid of distanctive features.

● BUSINESS LAW

The case against limiting greenmail

By Leo Herzel

GREENMAIL IS in the news again, as controversial and ambiguous as ever. Just seven months after dropping its tender offer for Gillette in exchange for greenmail, Revlon is making a new bid for Gillette at a price considerably higher than its original offer. This incident coincides with several bills pending in Congress to outlaw greenmail.

"Greenmail" is the name coined to describe a company buying back its own stock from an unwanted shareholder at a higher-than-market price, in exchange for a promise not to buy any more stock. The practice is unknown in England where companies cannot buy back shares without shareholder approval.

Last November, after accumulating 13.9 per cent of Gillette's outstanding stock, Revlon offered to buy the rest of the company for $32.50 (£20.56) per share. (The figures are adjusted for Gillette's two for one stock split on May 1 1987.) Gillette resisted the offer, sued Revlon and refused to withdraw its poison pill rights takeover defence.

On November 24 1986, peace was declared. Revlon agreed to sell its Gillette stock to Gillette for $29.75 per share, almost a dollar per share over market price, resulting in greenmail profits to Revlon of approximately $34m. In exchange, Revlon agreed not to buy any more Gillette stock for ten years without the consent of the Gillette board. Following announcement of the greenmail agreement, Gillette's stock price plunged over $5 per share to about $22.80. Angry shareholders filed suit.

Thereafter, Gillette embarked on a restructuring programme. It sold some assets, consolidated operations, and reduced staff by about 8 per cent. The company's stock price started to climb. In January its high was $29.50, in February it reached $31.75. On June 12, 1987, Gillette closed at $34.

Then Revlon came back. On June 17, 1987 it asked the Gillette board to waive the greenmail agreement so that Revlon could make a $40.50 tender offer for Gillette. So far, the Gillette board has refused, but its stock price has remained high.*

Meanwhile, a number of bills are pending in Congress to impose a special tax on greenmail profits or to bar the payment of greenmail unless there has been prior shareholder approval.† Requiring prior shareholder approval really amounts to a flat prohibition of greenmail. Shareholders would usually approve greenmail agreements only if the stock price has moved against the greenmailer between the time of the agreement and the shareholder vote. In effect, the greenmailer would be giving the company a free option. Few bidders would be willing to enter into such a one-sided arrangement.

Supporters of these bills argue that greenmailers are extortionists who make easy money by preying on management's fears. The payment of greenmail, they say, involves the misuse of corporate assets to entrench incumbent management. These sentiments are echoed in the financial press and in shareholder suits challenging greenmail agreements.

Some greenmail deserves this condemnation. But greenmail may serve a legitimate function in the takeover market. Greenmail provides an important safety net and, therefore, an incentive for takeover entrepreneurs to make bids. If there were no greenmail, there would be fewer takeover bids and shareholders as a whole might be worse off.

Greenmail may also be a way for the target company to fend off a low bid and give management time to start an auction for the company, carry out reforms or otherwise increase shareholder value. In this situation, greenmail can be viewed as a payment to the greenmailer for valuable services rendered to the target's shareholders.

It is worthwhile to say explicitly that these justifications depend on the belief that takeover activity increases social wealth. If this belief can be successfully challenged, greenmail (and much other takeover activity) is merely a wasteful transaction cost from a social standpoint.‡

Gillette illustrates the legitimate uses of greenmail. Ronald Perelman, the takeover entrepreneur behind Revlon, probably did not set out to use greenmail. He appears to have wanted to acquire Gillette and accepted greenmail as a fall-back only when he met determined resistance.

Perelman is now ready to pay a much higher price than either his first offer or the greenmail price. This confirms the conjecture that he was really interested in acquiring Gillette, a company that he believed was undervalued. It is also consistent with the theory that the Gillette board knew what it was doing when it purchased Revlon's stake in Gillette.

Episodes such as this should give Congress pause. We really do not know enough about greenmail (or takeovers) to prohibit it by statute. America already suffers from too many statutes which impose high costs on American society.

To the extent that greenmail is a problem, it can be handled by the courts without additional statutes. For example, greenmail that is not incidental to a legitimate takeover bid, but simply a scheme to extort money by threatening target managers, is probably already a federal crime under the Hobbs Act which makes extortion, and attempted extortion, a federal crime punishable by up to 20 years in prison. The Hobbs Act defines extortion to include "the obtaining of property from another, with his consent, induced by wrongful use of . . . fear." The term "fear" in the Hobbs Act includes fear of economic harm or loss, including the loss of one's job.

However, court decisions on greenmail itself are not yet quite satisfactory. The Delaware cases have approved greenmail payments if the target directors were able to show reasonable grounds for believing that there was a danger to corporate policy and effectiveness because of the greenmailer.‖ This test is too broad and too deferential to the target board. The corporate policy the directors seek to preserve may be muddied and ineffective. The target shareholders may be far better off with the greenmailer's offer.

One solution would be for courts to require target company directors to justify the payment of greenmail by showing that when they agreed to make the payment they had a reasonable plan to increase the target's stock price beyond that offered by the greenmailer and, also, that the payment of greenmail appeared necessary at the time to carry out that plan. (In practice, this is how most lawyers would defend a greenmail payment today and, probably, how a court would decide the case.) Otherwise, greenmail payments should be regarded as a breach of the directors' fiduciary duty to shareholders.**

Still it would be so much better if the financial interests of the outside directors could be more closely aligned with those of shareholders through the ownership of shares. Then we would not have to be as concerned about whether the directors have a pro-management slant during takeovers. In America, outside directors are usually the dominant force during a takeover crisis.

Increasing outside director stock ownership may have other advantages. Boards of acquiring companies are not free of suspicion of pro-management bias either. An assured pro-stockholder point of view on the part of outside directors would provide some assurance of better takeover decisions by acquirers.

It is a cause of wonder why corporations have not yet taken more steps towards assuring significant stock ownership by outside directors. Because of concern about conflict of interest and shareholders criticism, boards of directors may be afraid to increase director compensation to the level necessary to provide an incentive for outside directors to tie up a significant portion of their net worth in company stock.

* Gillette shareholders have filed suit. See Besner v Gillette, CA No 9280 (Del, Ch.) filed June 22, 1987; Schulman v Gillette, CA No 9082 (Del Ch) filed June 23, 1987.

† See S1323, S1324, S227, S521, S634, S678, HR 1138 (1st Session 100th Congress).

‡ For a statistical study, using American data, that does challenge this belief, see Ravenscraft and Scherer, The Long-Run Performance of Mergers & Takeovers (1987), an unpublished paper obtainable from the authors of this article.

§ 18 USC §1951.

‖ See Cheff v Mathes, 199 A 2d 548, 555 (Del 1964).

** See Herzel & Harris, A Practical Solution to the Ambiguities of Greenmail and Other Takeover Defences, to be published in the Midland Journal (August 1987).

The author is a partner in the Chicago Law Office of Mayer, Brown and Platt.

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Opposition may reduce scope of TUC initiative

BY PHILIP BASSETT, LABOUR EDITOR

THE TUC's proposals for new moves in union organisation and recruitment may only be partially implemented in the light of strongly-voiced opposition to them from a range of individual trade union leaders.

Last month, Mr Norman Willis, TUC general secretary, put forward detailed suggestions for new initiatives by the TUC to try to deal with declining union membership, and the growth of non-unionism.

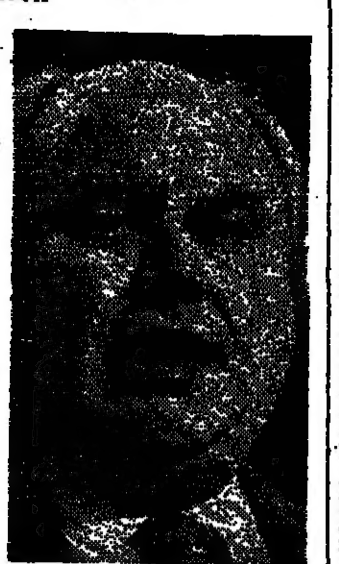
Since then, leaders from the left, centre and right of the TUC's unions have started to make public their criticisms of the proposals. The proposals include TUC-led campaigns in non-union areas, giving particular unions a clear run at non-union companies, the establishment of a special TUC organising fund and greater TUC services for union members.

Unions which have made clear their unhappiness with the proposals include such large and influential unions as the TGWU transport workers, the AEU engineering union, the white-collar ASTMS, the manufacturing union Tass, the EETPU electricians and the EMA managers.

Speaking for the first time since union leaders have begun to voice their criticisms, Mr Willis said after a meeting of the TUC General Council yesterday that he did not regard the near-unanimous reaction — only the GMB general union is so far publicly in support — as a "rebuff" of the plan.

He stressed the important point was the vigour with which unions were pursuing the issue of redirecting themselves, although he acknowledged that there was not a consensus between unions on how that should be done, and that these differences would emerge at the TUC Congress in Blackpool next month.

He said some of the things he had put forward were a challenge, and added that he was not surprised that people were keener on the analysis of the problem than on specific ideas.



Norman Willis: put forward suggestions

Mr Willis said: "There will be parts of things that have been proposed which I think will be undertaken and other parts may not be undertaken." However, he would not specify which of the range of proposals looked likely to be dropped.

He insisted that unions would have to be brought together somehow on recruitment issues. "I don't think that a model which consists of increasingly effective but increasingly competitive trade union recruitment is without its dangers," he said.

The general council endorsed a move to co-ordinate closely, within the confines of the TUC's currently difficult financial position, any campaign or reviews of union organisation which may be decided upon by the Congress.

Theme of Congress to be 'building for the future'

BY OUR LABOUR EDITOR

THE TUC's general council yesterday finalised plans for its annual Congress, to be held in Blackpool in less than a fortnight, to be a major vehicle for the positive promotion of trade unionism.

Mr Norman Willis, TUC general secretary, said: "'Building for the future' is the theme of the 1987 Congress, and I fully expect that to be reflected in the content of Congress itself."

This theme will be the mainstay of a six- to seven-minute promotional film on trade unionism to be shown to the Congress.

The Congress will also for the first time include an exhibition for organisations to make a direct appeal to unions and a guide financed entirely through advertising.

Mr Willis said he accepted that in the past employees "might have been put off by what they saw as an unattractive image of trade unionism," but added that he thought that the Congress would help to counter that.

Trouble over Civil Service pay proposals

By David Brindle, Labour Correspondent

PLANS FOR merit payments for senior civil servants have run into early difficulties over criteria being applied by the Government.

Union leaders are accusing the Treasury of changing the ground rules for payment of "performance points" to be introduced from September 1 for 21,300 staff in grades 4 to 7 (formerly executive directing grades, assistant secretary, senior principal and primicpal).

Introduction of the performance points, intended to add between £800 and £1,250 a year to the salaries of staff at the top of their pay scales, was the main incentive for senior civil servants to settle their pay dispute earlier this year.

The Treasury said then that the performance points would be available to staff achieving at least five consecutive "box markings" (annual performance assessments) of grade 3, defined as "performance fully meets normal requirements."

The only rider to this was: "... if in the view of management, they merit such an award for consistently producing valuable and efficient work."

However, the Treasury has since issued a further clarification. It described this yesterday as simply elaboration and expansion of the same priciple for the benefit of departmental managers expected to authorise the payments from next week.

The further guidance says: "Departments will look for reliable, sound and efficient prefromance going in some important respect beyond what is normally expected of the Union leaders maintain this goes well beyond the original, agreed requirement. They say the dispute over the criteria is holding up not only the performance point system itself, but also the planned further negotiations on a full-blooded flexible pay system for the grades in question.

Bus stoppage called off

A 24-HOUR strike by London bus workers planned for today to mark the funeral of Mr Babu Shah, a conductor stabbed to death while on duty, was called off yesterday after a request from his family.

The strike, called by the Transport and General Workers' Union against a background of industrial action over competitive route tendering, will be replaced by the sending of delegations from each of London Buses' 51 garages.

The company announced yesterday that it is to set up a joint working party with the union to discuss ways of ending the tendering dispute, which has centred on Norbiton garage, south-west London.

Ford supervisors reject plan for big changes in their role

BY CHARLES LEADBEATER, LABOUR STAFF

SUPERVISORS at Ford have rejected proposals for far-reaching changes in their role, ASTMS, the white collar union, said yesterday.

The union is seeking further talks with the vehicle manufacturer over the proposals, which could form part of the forthcoming negotiations over pay and conditions. Mr Paul Talbot, the ASTMS national official for the car industry, said the company had indicated it would press ahead with implementation of the proposals, covering about 2,000 supervisors, early next year even without the union's agreement.

The ASTMS supervisors' national advisory committee rejected the proposals at a meeting last week.

The proposals, in a booklet called by Ford "The Vision Document," are the product of a detailed reviewe of the role of supervisors conducted throughout Ford's European operations.

Mr Talbot said the company wanted to introduce the best working practices from its continental plants, especially in West Germany and Spain.

A series of changes to working practices introduced at Ford over the past 18 months have passed more responsibility for quality, maintenance, and production flow to shopfloor operatives. The changing work patterns of shopfloor operatives demand changes in the supervisors' role, the company said.

The company wants to give supervisors a broader sweep of responsibility to cover larger areas of a plant, rather than being localised to particular operations on a line. This demands changes to the staffing ratios which determine how many operatives come under a supervisor's control.

The union is worried that both proposals will lead to job losses.

The company also wants to change the supervisory structure, introduce group leaders, a position which could be filled by hourly paid workers, and give supervisors a clearer management role, the union said.

It is expected that the two sides will have further discussions next week.

Women members 'move to left'

BY PHILIP BASSETT

WOMEN TRADE unionists are moving to the left, according to a study of women, the unions and political parties.

The shift in female trade unionists' political attitudes contrasts sharply with those of men, whose views have changed little in the past four years, according to the study published tomorrow by the Fabian Society.

Ms Cynthia Cockburn, a researcher based at the City University, London, carried out the research study

Women have traditionally been seen as politically more moderate than men. However, poll evidence from the 1983 and 1987 general elections, together with a large amount of other supporting data, suggests that female trade unionists are considerably less Conservative and more Labour-supporting than female non-unionists, and that among non-trade unionists women are to the left of men.

Indeed, the report suggests that the most striking feature of the poll data is not so much the difference between men and women, but between unionised and non-unionised men.

Unionised men are 38 percentage points to the left of non-union men, while the gap for women is only 22 percentage points.

The study shows there is now no gap in political attitudes between men and women overall.

Among trade unionists, however, the study says there has been considerable change. Male trade unionists have changed little between the elections, but female trade union members swung 5 percentage points away from the Conservatives, and 7 towards Labour, with some votes shifting from the Alliance.

The study says: "The net result is that whereas men were way to the left of women trade unionists in 1983, today there is little difference between the sexes. If anything the balance now tips towards women as the left-wing sex."

Women, trade unions and political parties, by C. Cockburn. Fabian Research Series No 349. Fabian Society, 11, Dartmouth Street, London, SW1H 9BN. £2.

Yorkshire NUM urges unified action

BY CHARLES LEADBEATER,

LEADERS of the National Union of Mineworkers' Yorkshire area yesterday called on their members not to take separate action over British Coal's disciplinary code but to unify behind the union's national strategy to persuade the corporation to amend the code.

The call, made after a morning meeting of the Yorkshire NUM executive, was widely interpreted as an attempt to influence the outcome of an evening meeting of local union officials, called to discuss proposals to implement immediately an overtime ban or a programme of rolling strikes.

The plan was drawn up in protest at recent disciplinary action against Mr Ted Scott, a union official at Stillingfleet colliery in North Yorkshire. The branch official's meeting was continuing late last night.

Mr Jack Taylor, the Yorkshire NUM president, said miners in the area should conform with national policy, which is to wait until September 6 for the union's national executive committee to decide what action should be taken.

Mr Taylor said the area would press for industrial action if the dispute over the code was not resolved by the time the executive met.

In the meantime both the NUM and British Coal will hold talks with Acas over the code. The NUM announced on Monday that 77.5 per cent of miners, who voted in a ballot which ran throughout August, had supported taking industrial action over the code. The ballot sanctioned action short of strike action. It is expected the executive would call an overtime ban, should it decide action is necessary.

Plessey technicians strike over offer

MORE THAN 500 technicians at the Plessey telecommunications plant at Edge Lane, Liverpool, staged a one-day strike yesterday in protest at what they claimed to be a two-tier pay offer.

The technicians, mostly members of the ASTMS white-collar union, had been operating an overtime ban for a week and had indicated that further one-day strikes could follow.

The remaining 2,500 employees worked normally and production of the sophisticated System X telephone equipment was not affected.

Talks are continuing, but the management stressed it had made its final offer, which was substantial and graded.

The unions claimed the offer for the technicians ranged from 4.75 to 6.75 per cent, while 8 per cent was offered in other parts of the plant.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1986							
1st qtr.	109.1	102.8	105	119.3	146.0	3,171	186.5
2nd qtr.	109.5	104.0	105	121.3	154.0	3,203	175.6
3rd qtr.	110.9	105.0	106	122.7	152.7	3,202	200.3
4th qtr.	110.9	107.1	109	126.5	194.3	3,141	213.9
December	110.3	107.4	110	126.7	224.9	3,119	218.0
1987							
1st qtr.	111.3	107.2	103	125.4	157.0	3,073	210.4
2nd qtr.	112.4	108.9		128.3	166.0	2,965	226.1
January	110.6	105.6	110	123.6	158.4	3,114	210.2
February	112.4	108.1	103	127.0	154.5	3,066	207.1
March	112.5	107.8	96	125.5	157.8	3,040	210.6
April	112.1	108.2	106	130.0	160.0	3,018	213.9
May	113.1	109.0	114	125.4	161.2	2,952	231.2
June	111.9	109.5		129.4	167.3	2,925	233.3
July				131.2		2,878	234.9

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1986							
1st qtr.	102.9	101.4	115.0	101.5	109.3	103.1	14.5
2nd qtr.	105.3	101.0	115.9	102.5	110.0	104.1	19.4
3rd qtr.	106.5	101.0	117.5	103.1	109.0	103.1	19.3
4th qtr.	106.2	102.4	116.1	104.6	115.4	104.5	15.4
December	106.2	102.4	114.9	105.8	118.0	103.9	10.7
1987							
1st qtr.	107.3	103.3	118.0	105.5	114.9	102.8	17.2
2nd qtr.	109.6	103.9	117.6	106.7	121.4	104.4	19.4
January	106.5	102.2	116.4	104.0	107.9	103.0	12.7
February	108.0	103.4	118.7	106.6	122.0	103.8	18.2
March	107.3	104.1	118.9	106.0	116.0	102.9	20.8
April	109.1	103.6	117.5	106.0	117.0	104.0	18.3
May	109.8	103.5	119.0	107.0	122.0	104.9	19.3
June	109.9	104.7	116.2	107.0	126.0	105.0	20.7

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1986							
1st qtr.	117.5	124.9	−1,227	+682	+1,899	101.0	18.75
2nd qtr.	121.9	128.8	−1,551	−94	+772	102.6	19.29
3rd qtr.	122.6	135.5	−2,873	−931	+646	103.1	20.14
4th qtr.	130.5	142.4	−2,002	−756	+846	100.8	21.97
December	131.6	143.9	−887	−272	+266	100.1	21.92
1987							
1st qtr.	130.0	132.2	−1,135	+667	+1,164	100.5	23.75
2nd qtr.	126.9	140.4	−2,439	−639	+1,022	103.3	
January	124.6	131.4	−517	+84	+383	100.2	21.95
February	133.4	133.0	−292	+398	+328	100.4	22.28
March	136.9	132.2	−417	+184	+454	100.8	27.04
April	121.4	133.4	−536	+64	+419	102.4	29.81
May	123.5	144.0	−1,127	−527	+361	103.4	34.68
June	122.1	138.7	−786	−168	+242	104.0	34.36
July							34.91

FINANCIAL—Money supply M0, M1 and M3 (three months' growth at annual rate), bank sterling landing to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1986							
1st qtr.	4.1	21.4	19.2	+6,203	2,229	+855	11.50
2nd qtr.	3.1	25.9	27.3	+6,455	1,423	+346	10.00
3rd qtr.	5.9	30.2	15.4	+6,995	168	+732	10.00
4th qtr.	7.6	15.2	14.1	+10,516	2,514	+444	11.00
December	10.1	8.6	9.1	+3,193	763	+265	11.00
1987							
1st qtr.	1.2	28.6	28.2	+6,668	1,465	+952	10.00
2nd qtr.	2.2	29.7	25.9	+8,649	1,804	+1,067	9.00
January	7.7	18.1	12.5	+1,689	446	+257	11.00
February	6.1	16.9	17.8	+2,881	472	+296	11.00
March	−3.8	23.8	29.4	+2,088	547	+389	10.00
April	0.1	29.9	33.6	+1,990	787	+410	9.50
May	5.5	37.6	32.7	+2,729	521	+294	9.00
June	4.5	31.9	21.2	+3,930	555	+383	9.00
July					347		9.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1981=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1986							
1st qtr.	179.1	132.4	142.4	96.5	96.9	1,825	75.1
2nd qtr.	184.9	125.8	145.7	97.8	96.7	1,714	76.1
3rd qtr.	187.4	120.8	146.3	97.9	98.3	1,464	71.9
4th qtr.	191.0	127.4	147.4	99.1	98.3	1,608	68.2
December	193.4	130.4	147.9	99.6	98.8	1,638	68.4
1987							
1st qtr	192.0	129.8	149.2	100.2	100.5	1,589	69.9
2nd qtr.	198.0	125.7	150.8	101.9	101.8	1,586	72.8
January	190.4	131.7	148.9	100.0	100.0	1,603	68.8
February	191.2	129.6	149.2	100.4	100.7	1,601	69.0
March	194.5	128.2	149.7	100.6	100.7	1,539	71.9
April	195.9	128.4	150.5	101.8	101.6	1,554	72.4
May	198.1	128.9	151.0	101.9	102.2	1,612	72.3
June	199.3	129.6	151.6	101.9	101.8	1,629	72.6
July		129.5	151.2	101.8	100.4	1,622	72.5

* Not seasonally adjusted.

† Net changes in amounts outstanding, excluding bank loans.

A senior change in the French banking sector

BY GEORGE GRAHAM IN PARIS

THE FRENCH GOVERNMENT has announced the appointment of a new director of the Treasury, the top post at the Finance Ministry.

Mr Jean-Claude Trichet, currently Directeur de Cabinet of Mr Edouard Balladur, the Finance Minister, will take over the post occupied for the past three years by Mr Daniel Lebegue, who is moving to become one of the two joint managing directors of Banque Nationale de Paris, France's largest commercial bank.

Mr Trichet is stepping into one of the most coveted posts in the French administration. The last two occupants before Mr Lebegue were Mr Michel Camdessus, now head of the International Monetary Fund, and Mr Jacques de Larosiere de Champfeu, his predecessor at the IMF and now Governor of the Bank of France.

Besides running France's monetary policy and administering the government debt, the Treasury oversees the financial markets, supervises many of the state's industrial holdings and conducts French international economic policy.

Mr Trichet has a background that begins in the industrial divisions of the Finance Ministry, but it is the international side that has drawn him in recent years. Trained as a mining engineer, he was an adviser on industry, energy and research to the former President Valery Giscard d'Estaing, but is best known overseas for his chairmanship of the Paris Club, which brings together creditor countries to discuss the problems of Third World debt.

He became chairman of the Paris Club in 1985, when he was director of international affairs at the Treasury, but unusually he retained the post after his appointement as Mr Balladur's Directeur de Cabinet in March 1986. He will still keep the chairmanship as director of the Treasury.

In the last four-and-a-half years the Paris Club has negotiated the rescheduling of around $54bn of government to government loans in the developing world, but now faces the task of finding new solutions to the debt problem.

Taking Mr Trichot's place as head of the Finance Minister's private office is Mr Charles de Croisset, believed to be the first appointment to such a sensitive post in the government from the private sector, rather than the well-stocked ranks of the civil service.

Mr de Croisset has been joint managing director at the banking group Credit Commercial de France, which he joined in 1980 before its nationalisation and leaves again shortly after its privatisation.

Some surprise has been expressed at Mr de Croisset's decision to move back into the administration for what is likely to be a short spell, since Mr Balladur has indicated that he is unlikely to remain as a minister after next May's presidential elections. Mr de Croisset says he is taking the post at the personal request of Mr Balladur, with whom he worked at the Elysee Palace under President Georges Pompidou.

Kidder Peabody makes a move

BY GORDON CRAMB IN NEW YORK

KIDDER, PEABODY & CO., the Wall Street investment house, has appointed Mr John M. Liftin, 44, as senior vice president, and general counsel, and as secretary and as a member of the management committee, from September 8.

Mr Liftin will report to the house's chief executive, Mr Silas S. Cathcart.

Since 1985, Mr Lifton has served as president of Quadrex Securities Corporation. Previously he practiced law in Washington as a partner in the firm of Rogers & Wells.

Switch at Soviet state bank

MR NIKOLAI GARETOVSKY, has been appointed chairman of the board of the Soviet State Bank, reports Tass from Moscow.

Mr Garetovsky, 61, succeeds Mr Viktor Dementsev, 69, who had served in the post since January last year.

As chairman of the state bank, Mr Garetovsky acquires ministerial rank in the Soviet government. He is appointed by the Presidium of the Supreme Soviet.

TEXAS EASTERN Corporation has appointed Mr George Mazanec senior vice president and president and chief operating officer of Texas Eastern Gas Pipeline Company, its subsidiary, with effect from September 1.

Mr Mazanec was formerly vice president and chief financial officer of Duquesne Light Company. He takes over from Mr Howard Homeyer, who is to assume responsibility for developing a planned offshore gas pipeline system in the central sector of the UK North Sea.

BERKEY, the drub store and photographic concern, of Greenwich, Connecticut, has elected its chairman, Mr Jonathan T. Taplin, to the additional position of co-chief executive, and has also elected Mr Jac Holzman president, vice-chairman and co-chief executive.

Mr Holzman replaces Mr Ronald L. Walsworth, former president and chief executive officer, who has resigned.

Mr Taplin and Mr Holzman are partners of First Media, a California general partnership.

Merrill tightens controls over trading risks

By Roderick Oram in New York

MERRILL LYNCH AND COMPANY, one of Wall Street's largest houses in terms of capital, has further strengthened its management in the wake of its heavy loss on mortgage securities in April.

It has appointed Mr Daniel Napoli to the newly-created post of senior risk manager for global fixed income trading. He has been advising the mortgaged-backed securities division since the company suffered a $377m loss, largely from unauthorised trading by a senior employee during turbulent market conditions.

Mr Napoli, 38, will report directly to Mr Eugene Rotberg, the executive vice president in charge of risk management. Mr Rotberg was treasurer of the World Bank before joining Merrill Lynch earlier this year.

Mr Napoli, who joined the firm seven years ago, is to remain chief executive of Merrill Lynch Government Securities but gains the additional title of senior vice president of Merrill Lynch Capital Markets.

The newly defined responsibilities and reporting procedures are, says Merrill Lynch, "further indication that we intend to put as much control as possible on fixed income exposure."

WHIRLPOOL CORPORATION, the US home appliances manufacturer, has appointed Mr Bradley J. Bell its Treasurer.

Mr Bell moves from the position of treasurer of Bundy Corporation, the Michigan-based manufacturer of steel tubing which is also a supplier to the automotive industry.

Mr Bell will have responsibility at Whirlpool for both domestic and international treasury functions, including overseeing cash management, credit management, pension management, risk management and investor relations.

Whirlpool has also appointed Ms Janice D. Stoney, 46, a director of the board. She moves from being president and chief executive officer of Northwestern Bell telephone company since June 5, 1987.

ZENITH ELECTRONICS has promoted Mr John Frank to the presidency of its subsidiary, Zenith Data System, which has become one of the top manufacturers of lap-top computers in the US. It won, for example, a $104m order earlier this month from the Pentagon.

Mr Frank, 48, was senior vice president of sales and marketing. He succeeds Mr Robert Dilworth who was credited with building up ZDS in recent years. Mr Dilworth is leaving to head Metricom, a newly formed venture in Cupertino, California.

Mr Dilworth, a self-described "entrepreneurial type," says he decided to leave because ZDS requires a different leadership style at this stage in its growth.

Accounting Appointments

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PO Box 74 Safat
13001, Kuwait
Tel: 2452880
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or

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BBA GROUP PLC

The British-based International Company with interests in Automotive and General Engineering, Conveyor Belting and Industrial Textiles

AUSTRALIA

CSIRO

INSTITUTE DIRECTORS

The Board of CSIRO has approved a major restructuring of Australia's largest scientific research organization to align the Institutes and Divisions more closely with the client industries. The goal is to maintain CSIRO as a leading scientific organization, but improve the application of research results for economic and social benefit.

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- Information and Communication Technologies
- Industrial Technologies
- Minerals, Energy and Construction
- Animal Production and Processing
- Plant Production and Processing
- Natural Resources and Environment.

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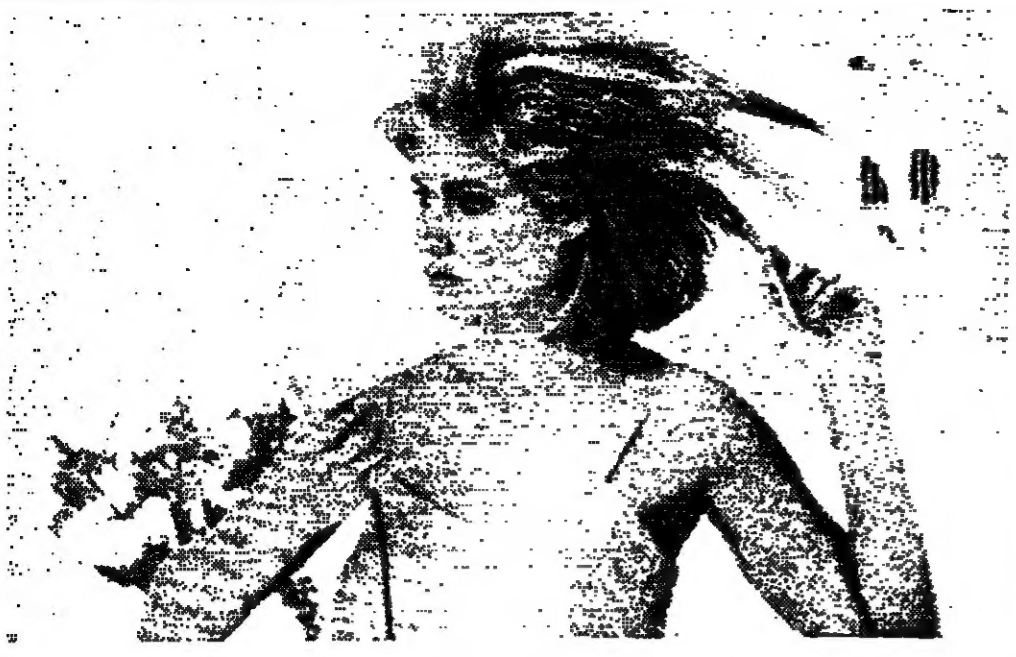
The Chief Executive
CSIRO
PO Box 225,
DICKSON, ACT 2602
AUSTRALIA

To be received no later than October 8, 1987.

COMMONWEALTH SCIENTIFIC INDUSTRIAL RESEARCH ORGANIZATION.

MANAGEMENT: Marketing and Advertising



A scene from a current commercial for Tampax

Creating an image for the unmentionable

Feona McEwan explains how agencies cope with public sensibilities

FOUR Fridays ago, a further chapter in UK advertising history was made. The launch of a commercial that would normally have attracted a handful of trade press reporters drew a capacity audience. Every newspaper in London was there and both television networks carried the item on their news bulletins that day.

The curiousity? A pretty innocuous ad, showing a young couple looking longingly at each other through a symbolic wire fence to the strains of a love song, "The power of love". The product was notable by its absence; only the tagline at the end - "you're safer with Durex" - told viewers that it was an advertisement from Britain's well-known brand leader of condoms.

Public reaction was, and still is, being monitored closely. Initial response ranged from the outraged - from self-appointed guardians of morality, Mary Whitehouse and Victoria Gillick - to the calmly congratulatory (the majority) and even criticism that the approach was overly coy (the Family Planning Association thought the ad could have been more explicit).

The Independent Broadcasting Authority, the UK's arbiter of what is permissible on the commercial airwaves, received only a handful of letters and phone calls in protest. Two years ago, such ads on television or radio would have been unthinkable. But the Aids scare changed all.

Elsewhere on commercial television, British sensibilities are on trial in another area - sanitary protection. When a two-year test trial now under way ends in April, a decision will then be made on whether to welcome or banish the sector from TV screens.

Both product categories - condoms and sanpro (as it is called) - underline the dilemma of how to sell products that many use but few want to know about. Both relate to bodily functions and in the UK at any rate are seen as purchases that are private, personal and very often covert. How then do manufacturers set about breaking down the taboos?

Clearly what is deemed decent and tasteful has come a long way since lavatory cleaners were dirty words. In the launch days of Domestos and Dot, advertisers had to resort to ingenious extremes to suggest the use of their product. A pack shot was OK, as was a lavatory handle and perhaps the rim of a seat, but heaven forfend any hint of the pan beneath. Cameras had to simulate downward movements to indicate what to do with the product.

These days, viewers are less shockable. Treatments for haemorrhoids and cystitis, and deterrents against smoking have all recently been welcomed onto the small screen, courtesy of the IBA. However, marriage bureaux, undertakers, fortune tellers, bookmakers, and private investigation agencies remain out of bounds.

But back to condoms. Last November when LRC Products first considered television advertising for its Durex brand it found that the target audience of 18- to 24-year-olds was critical of the Aids advertising campaign and attitudes to sex generally for a lack of emphasis on love or relationships and caring.

Hence Durex's current commercial- only screened after 9pm - emphasises the caring element while hinting at the dangers of sex (such as Aids and cervical cancer).

Before the Aids scare, the condom market was a declining one. Though commentators differ in their reading of the statistics, according to a new report* on contraception carried out by Mintel, the market research company, condom sales last year increased by about 20 per cent. This happened as the Government's £8m advertising campaign promoting "safe" sex got under way. The market is now said to be worth some £22m.

Apart from protecting its 96 per cent share of the market why should Durex bother to advertise on television? Mike Broadbridge, general manager/marketing, family planning division, says there is "the chance to balance the Government's campaign with its suggestion of death. We think our ad gives hope."

Come the autumn and the newest challenge to Durex's supremacy will be unleashed onto the market. The brand is Mates, made by Ansell of the US. Mates is the brainchild of entrepreneur Richard Branson. The theory behind Mates - cheap, reliable condoms at 30p for three, available everywhere the mood takes you, round the clock - promises to turn the familiar distribution channel of chemists and barbers on its head. If Branson gets his way they will be sold in supermarkets, record shops, restaurants, nightclubs, garages and concert-halls - places where women as well as men can buy with least embarrassment.

Profits from the sales will go to the specially created Virgin Charitable Foundation, devoted to exploring preventative measures against Aids.

Advertising agency, Still Price Court Twivy de Souza, indulged in lengthy research before devising ways of winning consumers where others had not.

"One of the main obstacles to buying condoms is embarrassment," says Paul Twivy. "Buying them eight hours ahead in a chemist is horribly premeditated. It can make a girl feel Miss Easy or a guy Mr Macho. Then there's the embarrassment of using them and even disposing of them." He adds: "The British, like the Americans, are hysterical in their response to condoms."

Some cultures, like the Japanese and the pragmatic West Germans, take to them without the need for heavy advertising. Sales in West Germany since the Aids scare have increased by some 40 per cent.

Mates is to be launched in the autumn on a budget at ratecard spend of £8m to £10m - more than the Government's Aids campaign for last year. "We'll be making a splash," promises Twivy. Even the BBC has offered "extensive help" though what that is no one is saying.

Though the details are still under wraps, the agency says it has used an Annie Hall approach, using subtitles to suggest the thoughts of the protagonists. There are seven different scenes - like the chap going to a chemist shop where he buys up everything except condoms; or the moment in a restaurant when two people know, as Twivy puts it, "tonight's the night"; and the mother waiting up for her daughter to come home, guessing at her daughter's behaviour - thus showing the daughter's resentment and the mother's concern.

Mintel's report suggests that most people in Britain can handle contraceptive advertising on television. Advertising for sanitary products, however, seems to pose a more delicate problem. Since the television trial began - on Channel 4 only - 18 months ago, the IBA has received more than 850 complaints. Many come from older women, unhappy at finding what they consider an embarrassing subject intruding into their living rooms, often when they are accompanied by other members of the family.

There are moody scenes of a young girl dreamily reading a diary, curtain wafting in the breeze (for Dr White's Secrets brand); or a girl frozen in time, hairdryer in hand, who symbolically comes to life at the mention of the word Tampax in the script.

Having learnt from its two previous abortive sanpro trials, the IBA is unrelenting about what it believes offends and embarrasses today's viewers. For instance, products must not be shown unwrapped - yet nappies are everyday television fodder, say the agencies. Words like odour, period and internal are forbidden and the word applicator can only grace the airwaves after 9.15pm.

Hence, as with tobacco advertisements on posters and in the press, Sanpro ads have to resort to far-fetched execution and innuendo. One manufacturer known for its frank advertising, Dr White, has withdrawn from television.

However, despite the complaints, public opinion appears to have shifted somewhat. The last trial in 1980 lasted six months and drew 1,000 complaints. Now, according to an IBA opinion poll, only 22 per cent of the population is against seeing these ads on television and only 10 per cent find it fairly unacceptable. Come April when the trial ends, the IBA will have to weigh up the objections and the supporters' arguments.

"We understand the problems facing the IBA," says Sally Davis of Colman RSCG, which handles the Tampax account, adding that while most manufacturers are aware of the objections, if they are not allowed to say much on what is an expensive medium, they are likely to question continuing use of that medium.

**Contraceptives, £95 from Mintel, 7 Arundel Street, London WC2R 3DR*

US buying habits

The sacrificial syndrome

BY CHRISTOPHER LORENZ

DONNA AND CHUCK are hard-working, well-off members of America's conventional middle class. Yet their shopping habits are decidedly not traditional.

In order to afford a turbo-Porsche Donna buys disposable cameras and cheap shoes. She eats at McDonald's and reads used magazines.

Chuck, on the other hand, buys cheap clothing at a discount store, flies tourist class, cancels his TV cable contract and defers the purchase of new home furnishings - all so that he can buy a new $5,000 Hasselblad camera with Carl Zeiss lenses.

In their different ways, Donna and Chuck are practitioners of a phenomenon dubbed the 'enhancement/sacrificial syndrome' which is hitting many American retailers and their suppliers below the belt.

"There is almost no volume in the middle of the market any more," bemoans Cooper Woodring, head of a product consultancy called Better Mousetraps, who has just stepped down after 20 years as design director for J.C. Penney, one of America's top three retailing chains. "They're a strange new breed who make several sacrificial purchases in order to buy one expensive object or service."

To many middle-class Europeans, especially in poor Puritan countries such as Britain, the phenomenon may seem nothing new. Yet the fact remains that most European countries have shared the predominant retailing pattern that developed in America in the 1950s and continued to hold sway there until the devastating arrival of the new sacrificial syndrome.

In effect, the growth of affluence in the 1950s and 1960s pushed the US market into a diamond shape with the bulk of purchasing power concentrated in the middle, and tapering off towards the top and bottom. Retailers initiated the new classic strategy of running similar products, or variants of the same items, at three price points (good/better/best), as Woodring puts it.

This worked well until just a few years ago, when US department stores and other retailers tried to respond to sluggish consumer demand by cutting costs through the elimination of those items that had traditionally performed least well; the most and least expensive ones. But as Woodring says: "This only pushed sales down further."

What the department stores in particular had failed to realise was that the booms in both cheap discounting and up-market 'lifestyle' boutiques were related. Rather than just serving entirely separate market segments, as conventional marketing practice suggested, some of the same consumers were buying in both types of outlets. The diamond-shaped structure of the market had been transformed into an hour-glass with all the volume (and value) at the top and bottom and very little in between.

Not surprisingly, this has already had a dramatic effect on those retailers which specialise in middle price ranges, and their suppliers. "Yet people are still not taking enough notice of it," Woodring warned last week in Amsterdam at 'Design 87', an international conference of industrial graphic and interior designers.

J.C. Penney itself has benefited greatly from the shift, according to Woodring, through its scientific approach to retailing and its long-standing position near the top of the market as a retailer of 'lifestyle' merchandise.

Explaining this much overused term (especially in design circles), Woodring described how during the 1970s, and early 1980s, American retailers developed four main categories of merchandise, each of which was sold increasingly in distinct retailing environments. This categorisation still applies and any confusion between category of product and environment is usually deadly to a product's selling potential, he warned.

Under this classification "lifestyle" and "specialist" products are different types of "wants" as opposed to more mundane "needs".

Lifestyle products include fashion apparel, home furnishing and jewellery. They have been sold increasingly in department stores and shopping malls. Specialist products such as sporting goods, cameras, hi-fi, and hobbies are sold through specialist dealers - "the fastest growing segment of retailing."

"Needs", on the other hand, include utility services (phone, electricity and so on), tools, most food items, petrol and packaged goods. All started out as lifestyle products but are now increasingly seen as commodities with a lack of brand significance. Their main retail outlets are hypermarkets and discount chains.

Manufacturers and designers need to be more aware of this categorisation, said Woodring. On the positive side, the manufacturer of a commodity 'need' could upgrade his profits dramatically, by using design to give his product a touch of 'lifestyle'.

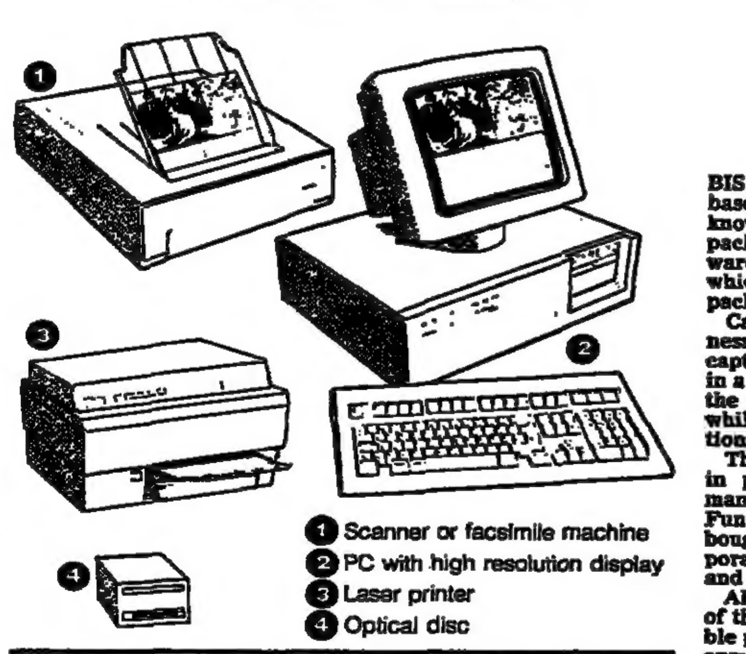
Conversely, an unwitting change in the channel of distribution is probably the major cause of commercial failure for products that win design awards. To design-minded exporters to the US this can prove just as galling as the dreaded "enhancement/sacrifice syndrome."

TECHNOLOGY: Computing

BY ALAN CANE

When progress lies in cutting the cost

Xionics's DIP workstation



XIONICS, a small but innovative UK electronics company, has brought down sharply the cost of computer-based image processing.

Systems based on minicomputers from companies such as Philips of the Netherlands or FileNet of Costa Mesa, California, can cost $150,000 (£92,025) or more. Laserdata of Lowell, Massachusetts, makes a personal computer-based version that sells for $50,000.

A complete Xionics system, however, can sell for as little as £10,000, plus the cost of an optical disk drive. Image processing for everyone seems just on the horizon.

What is image processing? It is a modern, much improved replacement for document storage and facsimile transmission.

Philips of the Netherlands, with its Megadoc optical disk storage system, and Wang Laboratories of the US, which in 1983 introduced a personal computer which could scan images and store them in its memory, were the pioneers.

Now International Data Corporation believes that sales of image processing equipment could top $1bn annually by 1991.

Technically, imaging processing involves a scanner which converts an image into computer language, a computer which is responsible for processing the captured image data, an optical disk system for storing the vast amounts of data generated and a laser printer which can put out near perfect copies of the original.

The principal problem in developing a low-cost image processing system is the sheer computer power required to handle images, explains Mike Bevan, Xionics's founder and managing director.

A good quality scanner can capture images at a level of 300 individual dots to the inch. A typical A4 document, therefore, has to be represented by 8m picture elements, or pixels.

There are no commercially available computer display screens offering 300 dots to the inch. ("There may be some in military establishments," Bevan remarks gloomily.) Instead, Xionics works with screens giving 100 dots to the inch resolution, about twice that of a high-definition personal computer screen. So moving from 300 dot resolution to 100 dot requires a variety of smart software techniques, way beyond the processing power of a conventional personal computer.

Xionics solved the problem by building an add-on printed circuit board containing a special chip, the Hitachi Dicep, which is used in top quality facsimile machines, and driving it at a speed of 32 megahertz - a personal computer might be driven at 8-12 megahertz.

This board, coupled with Xionics's clever software, gives the system, called DIP-X, its advanced characteristics. It can magnify or reduce an image from eight times to one eighth in steps of about 6 per cent.

Each individual pixel on a document can be changed - which gives rise to an interesting, perhaps worrying, situation.

Assuming that image processing takes off in the way expected - and Xionics's customers already include BP International, which provided funds to help develop the prototype, ICI, Royal Insurance, Sun Alliance and Pilkington - many companies may move to storing all their documents on optical disks.

But how can they be sure that those stored images are orginal and have not been tampered with?

The answer, Bevan says, is an encryption technique developed by Xionics which guarantees that an image is original and unmodified. On the strength of this ability, he has been able to sell the machine to a clearing bank to capture and print signatures for the signatures book, which is distributed to branches as a guarantee that documents have been signed by the appropriate manager.

The latest version of the software is now in quality assurance and the product should be on sale in September.

Bevan says Xionics has some 30 distributors in Europe and has appointed its first one in the US, where he expects soon to have a nationwide chain of distributors.

If there is a fly in the image-processing ointment, it is the large investment most companies have already made in microfilm and high quality facsimile.

The change to the electronic filing cabinet may be inevitable, but it will not necessarily be rapid.

A tailored package for business

BIS Applied Systems, the UK-based software house best known for its Midas banking package, has developed a software engineering technique which it says is an alternative to packaged or bespoke software.

Called the automated business model (ABS), it sets out to capture a customer's activities in a way that can be moulded to the company's requirements, while retaining a core of functions common to the business.

The first example of the ABS in practice is an investment management system called Fundmaster, which has been bought by the Swiss Bank Corporation for its London branch and by Barclays Bank.

ABS is designed to solve one of the seemingly most intractable problems in software development: finding a cost-effective computing solution to a business requirement.

The aim is to combine the advantages of two different approaches. On one hand, the system can be built from scratch to give a purely bespoke solution. This is expensive, time consuming and not guaranteed to provide what the customer really wants.

On the other, a software package can be sold virtually unchanged to many customers. But as Sid Holmwood, a director of BIS Applied Systems, points out: "The siren call of packages has placed many an unsuspecting purchaser on the rocks - or at least in troubled and uncharted financial waters." Because of their generalised nature, packages are rarely exactly what the customer wants - especially when he is looking for differentiation and competitive advantage.

Terry Gray, business development manager at BIS Applied Systems, says the ABS concept grew out of three observations:

- Experience of installing more than 500 Midas packages in 50 countries showed that at least 70 per cent of a business package remained constant. Furthermore, as the system went through development generations, the core stayed constant.
- It was calculated that 40 per cent of the cost of a project was devoted to the analysis, specification and design stages, and only 20 per cent to programming. Why then, BIS asked itself, was so much time and effort spent on developing software engineering tools for the programming phase of the project life-cycle? Holmwood noted that the use of these tools had surprisingly little impact on large and medium-sized projects: could it be that they were addressing the wrong problem, or only part of the problem?
- BIS had already developed an integrated programming support environment (IPSE), a software engineering tool using computers to manage projects. It quickly translates a customer's requirements into a computer system.

So BIS came up with the idea of the business model, a completely documented, logical business system with all the necessary inputs, outputs, processes and data. For Fundmaster, BIS reckoned it incorporated more than 60 man-years of bespoke development experience into its ABS of investment management.

"Many years of bespoke software development have taught us that the problem in systems development is not so much the delivery of systems expertise as the transfer of business knowledge," Holmwood says.

He claims the ABS approach can achieve savings of about 35 per cent in effort and cost and cut six to 12 months from the project development time.

Banking on an integrated system

SOFTWARE developed by Winter Partners, of Zurich, is used by more than 350 financial institutions in 35 countries, yet there was some surprise earlier this year when it bought the Arbat banking systems business from Control Data Corporation.

Arbat, after all, is a distinguished name in UK banking circles. Along with BIS Midas and Kapiti, it was a pioneer of banking systems in the early 1970s. At the time it was quite an achievement to set up a foreign exchange system on the then newly available small business computers, like the IBM System/32 or the Digital Equipment PDP-11.

Winter Partners, set up in 1970, is comparatively little known in London, but its development is similar to that of the UK-based companies.

Juerg Winter, one of the founders, explains that his interest grew through research into banking organisation. The group initially worked as management consultants.

This led to what Winter describes as his general banking concept and to the first version of RIBS 1 (real time integrated banking software 1). From the beginning, this provided a comprehensive system which Swiss banks could adopt for most of their data processing needs. After many years of deregulation, they were able to deal in all kinds of financial instruments which were not then available to UK banks.

As Winter says: "We were condemned from the beginning to integrate our facilities in a comprehensive approach."

Last month, the company launched RIBS 3, the latest version of the software which runs on the Digital Equipment VAX. It has two new modules: Focus, a foreign exchange and money market system, and an interface to Swift, the banks' worldwide financial messaging network. Like RIBS 2, it covers retail, wholesale, securities, foreign exchange, money markets, fiduciary and treasury functions.

Arbat, founded by the merchant bankers Arbuthnot Latham, was bought by Control Data to form part of its financial information systems division. The Arbat banking package had been a reliable, if not spectacular seller.

Winter had three reasons for buying Arbat:

- To gain access to Arbat's offices in London, North America and the Far East where Winter was not represented strongly;
- The Arbat product was oriented towards treasury management, an area where RIBS was weak;
- Most important, the Arbat team in London was working towards a new version of the package along lines which coincided with Winter's view of the way forward for banking software.

Winter says it will retain and support Arbat's customers while moving the product towards its software of the future - computer-integrated banking (CIB). There is an analogy with CIM, computer-integrated manufacturing, where all the operations in a factory are controlled by and referred to a central database.

To be launched in late 1988, CIB is expected to be one of the first integrated banking packages to feature artificial intelligence.

Robots to gain from loss of mystique

THE ROBOT industry is moving into a new phase of development as its customers become increasingly aware that robots are simply computer-controlled machines. And, as the mystique surrounding them fades away, computing technology is assuming fresh importance in manufacturing planning.

According to Tony Owen, an industrialist and consultant working with robots: "We can get down to installing robots in situations for which they are suitable without having to make an extraordinary case as to why they should be used, or why they are not performing miracles."

His views are contained in a new report, Robots Out of Wonderland, published by Cranfield Press. The burden of his argument is that manufacturing industry is at a watershed in its use of these machines. "Though individual robotics companies are doing better than others, we find a general slowdown in the overall growth of the market."

In the US, for example, the robotics market grew by 65 per cent in 1984 and 48 per cent in 1985, compared with only 18 per cent last year. He attributes this change chiefly to saturation use in the automobile industry, the world's major employer of robots.

But he notes: "Though meeting their technical criteria, the majority of robotic installations have failed to meet industry's expectations. In the majority of cases this is due to the false hopes given to, or assumed by, the industrial sector concerned."

Owen foresees a major move towards off-line robot programming.

At present, there are two basic methods of instructing a robot to complete a task. First, "teach programming", where the programmer physically takes the robot through the operations it has to perform, and second, "off-line programming", where the instructions are prepared at a site remote from the robot.

The second method is becoming increasingly popular. It means that the robot can be kept in production while its next task is being prepared, and the programmer is removed from the potentially dangerous robot environment. "This reduces the time during which the programmer is at risk from aberrant robot behaviour," Owen says comfortingly.

He also points to the importance of software-based simulators: "the key to the future." Simulation systems which model the behaviour of a projected manufacturing development, although expensive, are the best way of checking that a production line will do what it is intended to do.

They can be used to identify production bottlenecks or areas where two robots could collide. Although simulation equipment is expensive, generally in excess of $100,000 (£62,000), using such system can be jusified by the cost savings of being able to simulate quickly any number of product and process design options.

The latest phenomenon is "animated quotations," simulation of a proposal at the quotation stage. Although it is at present applied only to high-value projects, Owen believes it will become widespread in manufacturing industry.

Projected changes in robot market

Share by industry

	1985	1986	1987	1988	1989	1990	1991
Automotive	58.1%	55.9%	51.8%	46.2%	44.8%	42.5%	41.1%
Electronic	22.5%	23.9%	26.1%	28.8%	29.2%	30.1%	30.0%
Other	19.4%	20.2%	22.1%	25.0%	26.0%	27.4%	28.9%

Source Dataquest Inc 1986; Robotics Today Dec 86

THE ARTS

Villa Favorita, Lugano/William Packer

Impressionists from Russia

The Baron Thyssen-Bornemisza has for many years allowed the public into his private galleries at the Villa Favorita in Lugano, where he keeps the bulk of his extraordinary collection of the works of old and modern masters. Major special exhibitions, however, are a more recent development, and the current one runs until November 15 with a remarkable show of some 40 impressionist and post-impressionist masterpieces from the collections of the Pushkin Museum in Moscow and the Hermitage in Leningrad. It is the second such collaboration with these particular institutions within four years, and the third during the same period that has brought great works of art to Lugano from collections within the eastern bloc.

There has to be, of course, a *quid pro quo*, and as in 1983 some 40 of the Baron's prime old master paintings, ranging from the 14th to the 18th centuries, are going first to the Pushkin and then on to the Hermitage in direct exchange. They include works by Fra Angelico, Dieric Bouts, van Eyck, Baldung, Cranach and Holbein (a portrait of Henry VIII), El Greco and Veronese, Rubens, Vouet, Sanredam and Tiepolo.

What with the show in 1985 from Hungarian museums and last year's show of Goya, which is still in private hands in Spain, all these exercises say much for what an individual of the Baron's peculiar position and initiative can achieve beyond the scope of more conventional approaches. The general benefit is clear, for we cannot all so easily get to Russia, or to Budapest — or through closed Spanish doors for that matter — as to Lugano. The benefit to the local economy is at least as obvious, which even the Swiss now begin to see.

These shows have been so successful in attracting visitors that it has proved necessary to institute a system of booking in advance, rather on the American model. Tickets cost SFr 12 and no more than 400 are issued for any one hour between 10 o'clock and 5, when the gallery closes. Reservations may be made either by postal application to the Villa Favorita itself (CH-6976 Lugano-Castagnola, Switzerland), giving a choice of dates and time of day, or in person at the special kiosk in the Piazza Bossi, 300 yards down the road from the Villa gates.

Again, as in 1983, the exhibition reflects the remarkable strength of the Russian holding in the more radical work being done in France in the later 19th and early 20th centuries. And though the particular emphases may have changed a little, with Monet up a little, for example, and Gauguin down, the overall effect is certainly no less impressive. That strength of course, is a direct result of the Revolution of 1917, when these collections became the property of the Russian state, and it was the Revolution itself which quite arbitrarily fixed and defined their period.

The luck of it, not altogether appreciated at the time, lay in the nicety of the timing. The activities of two of the most prescient collectors of contemporary art—who just happened to be Russian—were cut short at a moment when the artists of their latest enthusiasm, Matisse, Bonnard and Picasso, were still in their first full and heroic maturity and their work readily to be had. The simple result was that many of the greatest works of post-impressionism, fauvism and cubism were in Russia well before 1914. The two remarkable collections thus put together were nationalised in 1918 and redistributed between the Pushkin and the Hermitage in the late 1940s. This small, choice exhibition, together with its predecessor, offers up a most effective tribute to the fine judgment and enthusiasm of these two men, Sergei Shchukin and Ivan Morozov.

Shchukin bought his first Monet only in 1897, which was the first impressionist picture ever to reach Moscow. By 1904 he was buying Matisse, but if his growing interest naturally followed the younger artists—leading him eventually into possession of 51 works by Picasso and 37 by Matisse—his eight Cézannes, 13 Monets and 16 Gauguins (among much else) clearly supplied a substantive context. Moving well ahead of the general taste, buying, for example, the Derain that was the laughing stock of the *Salon d'Automne* of 1905 (of the fishing boats on the beach at Collioure that is in the show), it was all modern art to him. The consequent concentration of masterpieces is as critically intriguing as it is visually exciting.

Shchukin's great friend and only rival as a collector in Russia was Ivan Morozov, a slightly younger man who began seriously to collect on his own account with the purchase of a Sisley in 1903. In the end he had five of them and, besides many other things, 11 Gauguins, 13 Bonnards, 10 Matisses, and 18 Cézannes, which were his particular obsession, each one most assiduously hunted down.

Cézanne at the heart of the show, Monet with a room to himself, and Picasso and Matisse together in the first large gallery are the dominant figures this time. Yet while the more obviously ambitious works easily command attention, often it is the smaller, quieter things that seduce one away. For all the competition put up by one of his Rouen façades, a bridge across the lilies at Giverny, a flutter of seagulls over the misty Thames at Westminster or the magnificent large study for his early *Déjeuner sur l'herbe*," it is Monet's small haystack in its poppy field, with cottages and trees beyond, so simply and freshly stated, that stays in the mind.

The clutch of Cézannes includes two fine treescapes and the extraordinary "Mardi Gras," with its delightful figures of Pierrot and Harlequin, but again for me the quieter but no less monumental figure of the "Lady in Blue," and the small middle-aged self-portrait, were the more moving. A Sisley village beside the river, a Bonnard train chugging through the countryside, a Renoir flirtation beneath the trees, images of women by Gauguin and Picasso: all afford conspicuous pleasures. And there is Matisse, who rather than Picasso commands that first room not with any of the several great bursts of colour, but with the plainest yet most delicately monumental of his female nudes. It is the single most powerful image in the show.

"Nu, Noir et Or" by Henri Matisse, 1909

Birtwistle/Elizabeth Hall

David Murray

The South Bank series that began on Tuesday is distinctly more appetising than its title —"Harrison Birtwistle: His Fancies, His Toys, His Dreams." Birtwistle has planned the programmes (with some prodding from Bayan Northcott), which comprise eminently interesting music from Machaut and Ockeghem to Xenakis, Stockhausen and the composer himself, with a hole where you might have expected the 19th century. There are several staged pieces, including last night's Birtwistle/Tony Harrison *Bow Down* and Birtwistle/Michael Nyman *Down by the Greenwood Side*, which will get further performances during the next week.

Down by the Greenwood Side is the earlier piece, and shorter, but it has the more substantial score (very effectively delivered by Nicholas Cleobury and the Aquarius ensemble, high up behind the actors). Lyrically abrasive, sometimes oozily foreboding and sometimes shrill, it supports Nyman's quirky juxtaposition of two old ballad-tales. Janis Kelly sings the florid part of the Cruel Mother with suitable distracted anguish, at matched breakfast-tables, while the farcical saga of St George and the Bold Slasher is played out by speaking performers from the National Theatre Studio.

Unlike the production we saw at the Donmar in June, this *Greenwood Side* doesn't aim at being slapstick-funny. It is enacted with fairly deadpan cool: the odd little jokes work, but the peculiar Birtwistle air of rigorous ritual is reinforced. The actors perform with stylised precision, and are firmly isolated from the Cruel Mother's monodrama, which enhances the tantalising weirdness of the juxtaposition. Like all Birtwistle's theatre, it has an unmistakable, probably unfriendly life of its own.

The direction of both pieces is credited to the National Theatre's Peter Gill, John Burgess and Graham Devlin. *Bow Down* was devised for the National's Cottesloe space 10 years ago, and its "chorus" mingles actors and instrumentalists who have to work it up as something like a collective improvisation. That they have again done; and after a few minutes in which the Pseud's Corner potential looks pretty high — a version of the basic ballad of the jealous sisters is recited in Swedish, or is it Old Norse?—*Bow Down* exercises a continuous baleful grip.

Led by Juliet Stevenson, grimly affecting as the murdered younger sister, the cast conduct their mime with economical intensity. The music consists partly of punctuation by percussion, partly of the old song itself and partly of slow keening for oboes which could be by nobody but Birtwistle. Intriguing to see the seeds of his recent *Mask of Orpheus* in this fascination with simultaneous, slightly dissonant versions of a mythical tale.

LPO/Albert Hall

Dominic Gill

Because of serious illness, Klaus Tennstedt has not conducted the London Philharmonic Orchestra for many months: his reappearance with them at Tuesday's Prom had been eagerly awaited. His illness during Monday's rehearsal was a sad disappointment—and his subsequent resignation as the orchestra's principal conductor was a tragic blow. At barely 24 hours' notice, James Loughran agreed to take Tennstedt's place, and conduct the same programme.

It was to be hoped that Samuel Barber's Adagio for strings which opened the evening in no manner symbolised a farewell — although its elegiac quality was strongly marked by Loughran, and its quiet, subterranean tones very beautifully shaded and coloured. Mahler's *Kindertotenlieder* were written for, and are commonly sung by, a male voice: and the Rückert poems they set speak in the male first person. But the pitch (both literal and figurative), all of the emotional inflections of the music, always seem apter to a mezzo than a baritone.

Brigitte Fassbaender was the soloist on this occasion: and called to mind, by the clarity and intensity of her delivery, and by the wonderful openness of her vowels, the performance of the *Kindertotenlieder* that was one of Janet Baker's finest achievements — perhaps her finest. I could imagine how Tennstedt's orchestral accompaniment might have sounded: more vivid and more urgent than Loughran's, and underpinned by a wildness and by a current of dark anguish almost entirely absent here.

But it was a satisfying performance *nonetheless, and in* the circumstances remarkably polished: Loughran followed Miss Fassbaender's line (the great cry, "O Du, des Vaters Zelle . . ." was held, and curved, exactly right for the dizzy climax it should be) with admirable attention and tact. The evening ended with a well made, sensible and observant *account of Brahms's fourth* symphony.

Infidelities/Lyric, Hammersmith

Martin Hoyle

Despite Voltaire's sneers, Marivaux' probings into the realm of psychological bluff, double-bluff and delusion is proving cynically durable. For his production at the Lyric, Hammersmith, of *La Double Inconstance*, the director William Gaskill takes Anouilh as his point of reference, noting that this comedy is the piece in preparation in the modern writer's bitter arabesque on the destruction of innocence, *The Rehearsal*.

René Allio's high, panelled interior is flanked by mirrored ante-chambers, a fit background for this exercise in reflection, manoeuvre and self-realisation. Or perhaps not; since the use of high-toned principle, guilt, cossetting emotional blackmail, leave the characters as ambiguous as those in *Così fan tutte*. Even the sincerest love is malleable. Silvia and Harlequin, devoted at the beginning of the play, are married to different partners at the end, all through gentle persuasion.

The work is less consciously cruel than Anouilh, perhaps because, paradoxically, the 18th century's cool rationalisation had less need to underline th pliability of human feeling than the sentimental twentieth "Let's concentrate on destroying Silvia's love for Harlequin," they purr, out to deliver the stubborn country wench into the arms of the love-sick Prince. But both the handsome New Look dresses, the women in pencil-slim sheaths or the full skirt and glitter-top with which Eleanor Bron evokes the late Alma Cogan, and Mr Gaskill's mish-mash of a translation that fails to come to life with its "Jeepers!" and "Jiminy!" for Harlequin and its plastic style ("I will lead him into touch with his own true feelings!" or "You must be the best guy in the world to bring me here") deprive the action of all bite. A flaccid elegance remains.

The acting is for more the most part stylish, notably in David Rintoul's smooth Prince, politely besieging rustic Silvia. In an attempt to emphasise the piquancy of this rough wine's charm for a sophisticated palate, Saskia Reeves plays her as a stumpy Plain Jane. There should certainly be a contrast with the court ladies, but Miss Reeves's mechanical delivery and wooden tones go beyond the call of headscarf and print frock, and merely grate charmlessly. John Lynch's comedy always has an edge to it; those raw-boned features and deepset eyes recall a poetic wolf. His Harlequin, diamond-checked shirt in blue dungarees, is at its best in the reasoned, reproachful pleas to the Prince for responsibility. Eleanor Bron is as detached, external and choric in her comedy as ever. If only she wouldn't join the audience in a conspiracy to laugh at, not with, everything on stage. No such fault in Moira Brooker, a frank sensualist with a dash of the Sloane, who will be well worth watching in Restoration comedy.

Alastair Muir

Moira Brooker and John Lynch

The musical scene brightens

Max Loppert reports from Edinburgh's final week

The demise of Edinburgh as a music festival of value, vigour and firm purpose has this year been presaged by more than one gloomy Press colleague. At the start of the final week, a handful of concert events came to postpone the fateful moment just a little longer. It may be no more than coincidence: but three concerts in a row, each of them of unusual interest, none of them by-products of the international festival circuit, have made the trudge through the Edinburgh drip and drizzle a good deal less miserable than one expected.

Scottish Opera was this year excluded — whether by its own choice or not, I do not know — from the festival's meagre schedule of staged operatic performances. As if in revenge, the company produced on Monday a concert of Gershwin's *Girl Crazy* that burst with theatrical vitality. This was a real "let's show 'em!" occasion, and therefore of genuine festival quality. There have been quite a number of Gershwin events in this anniversary year, and properly so; but the spread of irresistibly delightful melodies — "I'm bidin' my time," "Embraceable you," "Sam and Delilah" and "I got rhythm" in the first half alone — that the 1930 show lavished on its audience must place this high among the most successful acts of Gershwin celebration. So many happy faces in the Usher Hall!

A concert reading of a Broadway show is, of course, less than half the whole story. But it does force hard—and in this case wholly flattering—concentration on the music (and also on the born-to-be-sung snap and wit of Ira Gershwin's couplets, with their smile-inducing cheek in getting away with such rhymes as "time/I'm" or "tarry at/lariat"). The songs proved all-powerful indeed; for while under John Mauceri, new Scottish Opera musical director and also an old Broadway hand, the playing and choral singing had a quite un-British verve and bounce, the three imported leads were pleasant rather than magnetic, and vocally not quite up to par.

The 1930 leading ladies were Ginger Rogers and Ethel Merman (who in another incarnation could surely have become America's greatest-ever Brünnhilde). Tudi Roche in the Rogers role needed the crude amplication least; Susan Terry, gamely flaunting a feather boa in "Sam and Delilah," couldn't manage Merman's long-held notes trumpeted over the chorus in "I got rhythm"; the leading man Harry Groener made a thin, anonymous sound. In the first half Mauceri and the orchestra played two Gershwin overtures, both of them recent re-discoveries, and Bernstein's *Fancy Free* ballet; signs of insufficient familiarity with the notes were sometimes uncomfortably obvious.

★

The representation of the 1987 festival's "Russian theme" in week three has been left—in this case, authoritatively—to the Shostakovich Quartet, who are giving three Queen's Hall recitals. The first was composed of the tutelary deity's Fourth, Seventh, and Twelfth Quartets—a gripping, revelatory progress, extremely well chosen to instance the range and power of Shostakovich's quartet canon. (The Twelfth, which proposes one of his late 12-note themes as main material, marshalls a cumulative struggle against the forces of disintegration, formal, harmonic, and psychological, that is as heroic as any Shostakovich ever mounted). The Moscow quartet play these works with less vibrancy, less tautness of line and incisive projection of detail, than the Borodin (whose London Shostakovich cycle has proved unkindly hard to forget). But in their quieter, plainer way these performances evoked and sustained the Shostakovich musical universe with unbroken command and control.

★

Mahler and Mozart were the programme companions in the final Pittsburgh Symphony concert as Edinburgh's "resident orchestra." Michael Tilson Thomas gave of Mahler's Fifth Symphony a reading, guaranteed to display the orchestra's somewhat impersonal super-efficiency in a sympathetic light, that was at once characteristically intelligent and unbalanced — a "young man's Mahler Five," and therefore not quite complete. The mourning and meditative movements were over-detailed—the conductor, darting across the podium to solicit string phrasing like a solicitous cotillion partner, concentrated on surface patterns at the expense of longer lines.

But his appreciation of Mahlerian incident in the Scherzo and Rondo-Finale was bright and bountiful, and the orchestra responded in kind. In "Chi sa, chi so qual sia" (K52) and "Exsultate, jubilate" the Pittsburgh had earlier introduced us to an American Mozart soprano, Marvis Martin, of attractively sweet tone and manner. She was slightly fluttery, to start; but for one heavenly floated top A in the motet slow movement cadenza one would have forgiven her far worse faults.

Alastair Muir

Claire Dowie

Adult Child/Dead Child

Claire Armitstead

The cross-over between stand-up comedy and psychological drama is a fascinating area, as is demonstrated by Claire Dowie, late of the cabaret circuits of London and beyond, now embroiled in her second "play" at Islington's King's Head Theatre Club. The inverted commas infer no disrespect: *Adult Child/Dead Child* is a compelling piece of portraiture, and lest one should think it was in any way improvised, the text is available for sale after the show.

Yet it is hard to see how a text could capture the curious volubility of Dowie's performance without resorting to some sort of orchestration involving score for face, limbs and articulation. The technique that she so ably demonstrates is not that of a trained actress who learns and repeats words in a proscribed form and order, but that of the comic with a perfect patter. It just happens that she has chosen to apply it to a theme that is certainly not comic, and which uses apparent imperfections as the chinks through which insights dazzlingly emerge.

She appears from the curtains, a sticklike figure in blue jeans and jacket, with cropped hair over a face radiant with eagerness to please, and, after a brief, anxious introduction, starts to read a poem. It is the first of several, and begins "when you are a child and you don't get any love . . ." Moving gingerly to the centre of the stage she launches into a story of deprived childhood with the puzzled awkwardness of someone who is not at all sure what to make of it. From the flippancy of anecdote emerges a horrifying picture of hours tied to a chair or shut in the cupboard under the stairs, "but I wasn't abused. I was never abused. Nothing like that. Everything I got I deserved . . . except the cupboard."

In little over 60 minutes of continuous monologue we are told how she made friends with a lady whose name she never knew, invented a "friend" who incited her to rebellion: attacked her father, her woodwork teacher and herself and was committed to "the snake pit — but it wasn't like that really." It is her friend, Bengie, who stole, swore, shoplifted and was eventually subdued by drugs — to the regret of the child within the maturing woman. The tempo of the piece rises and falls with each incident without submitting to self-indulgence. Whether tugging at her jacket or twisting her fingers until the knuckles turn white Dowie has a vocabulary of gesture that bursts with the eloquence — elegance even — of movement that limpidly reflects a state of mind without relating to "normal" behaviour at all.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

August 21-27

Exhibitions

WEST GERMANY

Kassel: Museum Fridericanum Orangerie: Documenta 8 'World exhibition of contemporary arts': paintings sculptures, theatre performances, architecture and design. The Documenta was founded in 1955 by local painter Arnold Bode with Henry Moore, Alexander Calder, Max Ernst and Joan Miro and is an important venue for modern art. This year director Manfred Schneckenburger presents the works of 150 artists, and for the first time open air sculptures which will be erected in Kassel's city centre. Artists exhibiting include Ian Hamilton Finlay, Javier Mariscal, Robert Morris, Mark Tansey, Alexander Melamid, Eric Fischl, Leon Golub, Robert Longo and Joseph Beuys. There is also a separate exhibition 'The Ideal Museum' where 12 architects present their ideas for Museum construction. Ends Sept 20.

Baden-Baden, Kunsthalle Lichtentaler Allee 8a: Henri de Toulouse-Lautrec. This exhibition displays graphic works from 1884 to 1901 with more than 300 posters and drawings (Ends Aug 30).

ITALY

Venice: Ala Napoleonica and Museo Correr: 'Matisse and Italy': over 250 works by one of most poetic of 20th century French Painters. The exhibition includes paintings, drawings, and Matisse's entire output of sculpture (75 pieces in all), lent by private and public collections in France and America, and the Musée Matisse in Nice. Pierre Schneider, the organizer, has attempted to show how the works of Italian painters such as Mantegna, Pollaiolo, Giorgione and Veronese may have influenced Matisse. Until October 18.

Rome: Galleria Nazionale d'Arte Moderna (Viale Delle Belle Arti) 'Le Stanze Della Memoria': views of interiors, portraits and conversation pieces from the Praz collection. The catalogue is almost more delectable than the exhibition itself: the delicate oils and watercolours get lost in the austere spaces of the gallery. The nostalgic title refers to a period (1776-1870) when the aristocracy of Europe were united as never before or since, a period for which Mario Praz, anglophile, literary critic, and Professor of English Literature at the University of Rome, had a passion. He recreated with accuracy and affection the atmosphere at his "Casa Delle Vita." Palazzo Ricci in Via Giulia. Praz's passion for empie style began when still a child and he was still buying new pieces at the age of 85, a year before he died. It is sad that it proved impossible to buy Palazzo Ricci itself, so that these delightful objects could have been seen in their proper setting. Until September 8.

Rome: Palazzo Braschi (Piazza San Pantaleo 1): Carlo Carra' (1881-1966). Over 200 works by one of the most lyrical of Italian contemporary painters, many with clear echoes of those artists known to have influenced him, such as Giotto and Piero Della Francesca. Neatly divided into sections corresponding to his futurist, metaphysical and Realismo Magico periods. Ends Sept 16.

Rome: Palazzo Braschi: Painter-Photographers in Rome: 1845-1870: The term Painter-Photographer was used almost up to 1970 to describe the early photographers, even if they had never painted. An absorbing collection of documentary photographs of Rome, including a collection by the English archeologist, John Henry Parker, and some striking portraits, all from the archives of the Rome Commune. Ends Sept 27.

Venice: Palazzo Grassi: Jean Tinguely: 1954-1987: The jokey mechanical sculpture of Swiss artist Jean Tinguely. A gentler, but still mischievous, version of Salvador Dali, Tinguely describes some of his incredible moving sculptures (all built from refuse iron and steel) as "machines a sentiments," and the complexity and sheer improbability of his works communicate a touching "joie de vivre." Over 300 works are on show, lent by American and European museums, with photographs of his first Self-Destructing Sculpture. Homage to New York, which duly self-destructed in the gardens of the Museum of Modern Art in New York in 1960. Ends Oct 18.

LONDON

The Tate Gallery. Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

NETHERLANDS

Overholland Museum (Museumplein 4). Roy Lichtenstein retrospective, with 275 drawings from 1961 to 1986, including preparatory gouache and collage studies for murals. Ends Sept. 13.

Rotterdam, Doelen. The 14th Art and Antiques Fair, with a special exhibition of old and modern prints illustrating the amorous escapades of the gods from the collection of the city's Boyman-Van Beuningen Museum.

PARIS

The Painter in Front of his Mirror: A collection of 222 self-portraits from the 18th to the 20th century shows the infinite variety of ways in which an artist regards himself. From a painstaking likeness to a self representation under the traits of a mefisto or the devil, from thickly laid brushstrokes to the lightest of lines, painters drew their own image for friends – or for posterity. *Louvre des Antiquaires, 2 Place Palais Royal.* (429 72700) Ends Sept. 5.

L'Art Independant: To commemorate the 50th anniversary of the 1937 Paris International Exhibition, the Museum of Modern Art, built for the occasion, repeats on a smaller scale the exhibition l'Art Independant which was part of the heady pre-war festivities. Celebrating painters and sculptors who broke with the academic traditions of the 19th century, it assembled works by Matisse and Maillol, Picasso and Lipchitz, Braque and Rodin among others. The present version of the exhibition allows visitors to compare the choices of the 1937 organisers with the judgement of history. Musee d'Art Moderne de la Ville de Paris, 11 Avenue President Wilson (47238127). Ends Aug. 30.

SPAIN

Madrid, Fernando Botero. Colombian painter whose imaginative world is *a poetic distortion of reality*. 100 works on loan by private collectors, museums and artist's funds. Centro de Arte Reina Sofia, Santa Isabel 52. Ends Sept 6.

Madrid, Spanish Pavilion in the international exhibition in Paris, 1937. This show reproduces the space, contents and environment of Spain's contribution to the art world during the Civil War, a means of propaganda by the republican government in search of international aid and support. Some originals, some copies or reproductions include architecture of the pavilion by Lacasa and Sert, Picasso's studies on the Guernica and his Dama Oferente, North American Alexander Calder's Fountain of Mercury, Miro's 'El Payes Catalan en Revolucion' and many more on loan by private collections and museums. Centro de Arte Reina Sofia, Santa Isabel 52. Ends Sept 15.

NEW YORK

Museum of Modern Art: Berlinart 1961-87: An international assortment of 55 artists who worked in Berlin over the past 25 years includes David Hockney, Malcolm Morley and Georg Baselitz. Ends Sept 8.

CHICAGO

Art Institute: 16th century Turkish art that flourished under "The Lawgiver" Sultan Suleyman is displayed in 210 objects including illustrated manuscripts, inlaid woodwork, rugs and the imperial wardrobe. Ends Sept 6.

WASHINGTON

National Gallery: A Century of Modern Sculpture, the Patsy and Raymond Nasher Collection, contains major works by Rodin, Picasso, Matisse, Gabo, Giacometti, Ernst, Moore and Serra. Ends Jan 3.

TOKYO

Images of Gods: This exhibition of masks and totem figures from Africa, Oceania, Asia and the Americas commemorates the 10th anniversary of Osaka's National Museum of Ethnology. The 200 objects include rare items from Oceania (from Britain's George Brown Collection) along with elegant and modernistic designs from Africa and Australia. Suntory Museum of Art, near the New Otani and Akasaka Prince Hotels Akasaka Mitsuke. This is a cosy museum offering both a tea ceremony room and spectacular views over the city. Ends August 30th. Closed Mondays.

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Dealing with Iran

"LORD, MAKE me tough with Iran, but not yet . . ." seems to be the current prayer of the Arab League, as it is of the UN Security Council.

The latter adopted a resolution on July 20 calling for an "immediate" ceasefire in the Iran-Iraq war and announcing its decision to "meet again as necessary to consider further steps to ensure compliance." So far there has been no ceasefire, and no further meeting of the Council. Instead there has been a visit to New York by Mr Mohammed Jawad Larinjani, Iran's deputy foreign minister, who was generally recognised as playing for time but evidently did so with skill and success.

As for the Arab League, it has condemned Iran on various counts but it too has decided to give Iran more time before taking any specific action, while asking the Security Council to "take urgent steps needed to guarantee observance of its resolution."

Daily risk

Hardliners in both bodies are understandably frustrated by this procrastination. Iraq and the Western members of the Security Council are acutely aware that the war has been going on for nearly seven years already; that while diplomats may find it convenient to play for time men are still dying on the battlefield and there is the daily risk of escalation in the Gulf. Iran, as Mr Larinjani repeatedly pointed out in New York, has not rejected the Security Council resolution. But it has not accepted it either. Certainly it has not accepted an immediate ceasefire, as Iraq is willing (indeed, eager) to do. Is it not therefore high time that sanctions were applied to Iran, as the recalcitrant party?

That argument has considerable moral and emotional force, but that is not enough to make it an effective policy for ending the war. Iran is under pressure at the moment, which has had some effect—not only in obliging it to present its case more diplomatically but also in making it pursue a more cautious policy both on land and at sea.

But such pressure can be effective only so long as it is virtually unanimous. It would do more harm than good to proceed to announce sanctions knowing that these would be ignored or flouted by states which have helped Iran in the past (such as Syria), for Iran would be less concilatory and less inhibited if it felt sure of their continued support.

Stark choice

Also, the threat of sanctions may prove to be more effective than would their implementation in practice. Iran is clearly anxious to avoid, if possible, both a diplomatic breach with the whole Arab world and an explicit condemnation by the UN, with or without an arms embargo. That is not the same as saying that these things, if they actually happened, would oblige Iran to change its policies. Iran's capacity to win the war might be impaired, but its will to continue for as long as necessar ymight even be sharpened.

So there is no real alternative to a policy of gradualism—increasing the pressure on Iran steadily but always giving it ample chance to explain itself and to find its own way to a more conciliatory attitude, rather than confronting it with a stark choice between resistance and surrender to which there can only be one answer.

Saudi Arabia, until the bloodbat hat Mecca last month, had seemed to understand this very clearly and ha dskilfully combined support for Iraq with conciliation of Iran. Embarrassment and fury at what happened in Mecca—in whic ha disastrously clumsy reaction by their own police, as well as irresponsible provocation by the Iranian pilgrims, appear to have been essential ingredients—has temporarily knocked the Saudis off balance, inciting them to press for an immediate Arab boycott of Iran and even prompting Prince Nayef, the interior minister, to make the very un-Saudi statement that "the Kingdom hopes . . . to remove from Iran the authority that sends the people of Iran to their deaths."

A Saudi-Iranian modus vivendi very carefully built up over the past three years lies in ruins, and the consequences are glaringly visible in the oil market. If Iran avoids further provocations in the next few weeks, it is likely — and desirable — that cooler counsels will once again prevail in Riyadh.

Why Japan is the wrong scapegoat

IT SEEMS ironic that the Japanese Ambassador to the US, accompanied by a whole bevy of consuls-general, should be summoned back to Tokyo for talks on trade issues at this time. While the talks are officially described as routine preparation for a forthcoming Royal visit to the US, the Japanese press is in no doubt that the real subject is the danger of US protectionism—the same fear which persuaded the Finance Minister, Mr Miyazawa, to talk the dollar down last week.

It remains true, of course, that Japan has an enormous bilateral trade surplus with the US, though it now appears to have peaked; and it is also true that the long-past sins of a Toshiba subsidiary, which sold strategically important machine tools to the USSR, continues to inspire much protectionist rhetoric. If Japan's critics would look to the future rather than to the past, however, they would have to concede that no country is likely to achieve as much to correct the world imbalance.

The remarkable performance of Japanese industry, which has managed to maintain its profit margins in face of a huge loss of exchange-rate competitiveness, tends to mask what is happening in the economy as a whole. Here it is clear that demand has already been switched into the home economy very rapidly, even before the fiscal stimulus and tax reforms which are intended to reinforce the change. Consumer demand is growing at nearly 4½ per cent annually, well ahead of the growth rate of the economy as a whole, and imports are rising rapidly.

Concrete action

The tax reforms, which seem at length to be near enactment, will speed things up considerably; the ruling party has now been persuaded to agree to tax cuts of more than 1.5 trillion yen, which should fully balance the effect of phasing out the present tax incentives for personal saving. It is this reform which is likely to transform the trade picture in the long run, since the surplus is the reflection of a level of saving which was readily absorbed domestically during Japan's period of explosive growth, but far exceeds the rate of capital formation.

Japan, in short, is transforming what was dismissed as the woolly rhetoric of the Mayakawa report into concrete action at a speed of which only Japanese institutions seem capable. Its commitment to balance seems clear, and to openness clear within rather cramping limits (agricultural protectionism remains a dense black spot). It is also pursuing the convergent economic policies neatly redefined this week in a challenge from Governor Heller of the Federal Reserve: America's trading partners should aim to grow at least as fast as the US itself.

These achievements shine like a good deed in an unheeding world. Among the newly industrialised countries, Taiwan continues to run an economy apparently aimed at reserve accumulation. South Korea has just announced a "liberalisation" of foreign exchange which turns out to be a one-way device, allowing capital to flow out but not in, clearly aimed to preserve the under-valuation of the won.

External capital

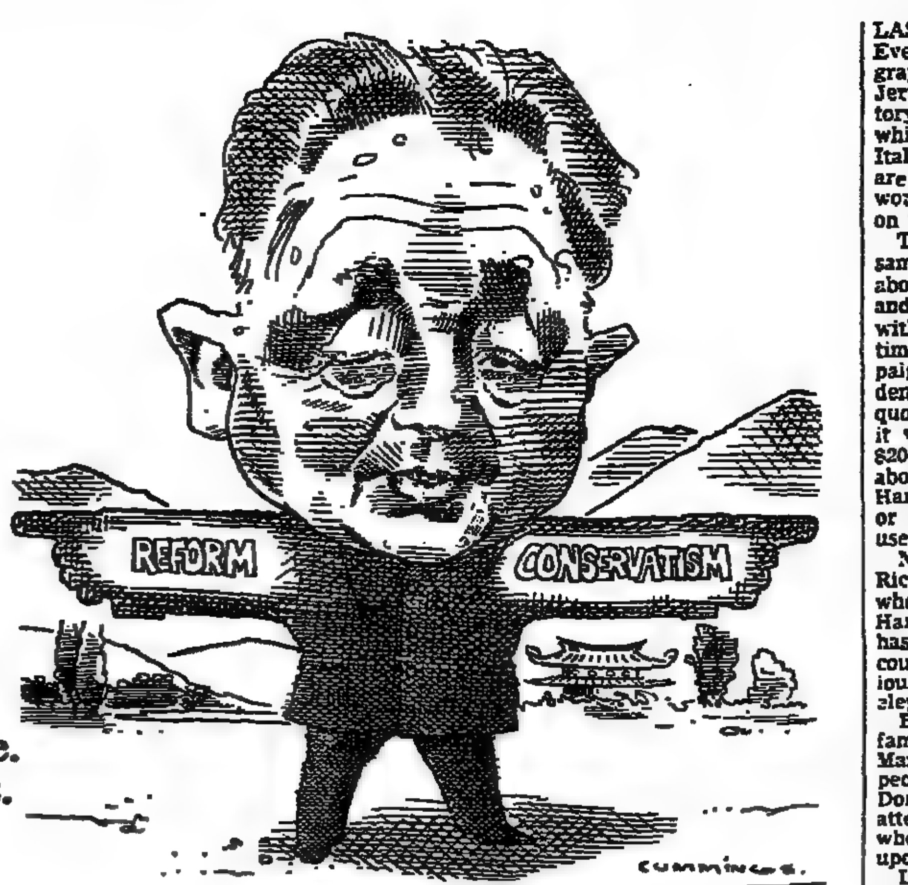
In the rest of the world only the UK seeems to be ursuing expansion with any energy, and the markets are beginning to find the UK contribtuion to US decificit-reduction uncomfortable. The present obsession with the current account is due more to the technical condition of the markets than to the problems of an economy which could readily attract external capital, but it may still prove a problem for the Chancellor.

The biggest contrast, however, is with the continental European economy, hampered as it now is by ever more sluggish German growth. The official forecasts for West Germany have been reduced to 2 per cent growth, but even this is nearly twice as much as most outside observers now expect. Since Europe is also embroiled in trade disputes both with Japan and with the US, its present performance fails the multilateral growth test on all counts.

Even making allowance for the unhappy experience of the late 1970s, when a German attempt at fiscal expansion was timed to coincide with the third oil price shock and the world-wide recession which resulted, the present immobilism of policy becames steadily harder to understand.

It looks like a tactical retreat

China watchers are looking for signs of whether Deng Xiaoping will stay the reform course. Robert Thomson reports.



WHEN CHINESE Communist Party officials meet for a crucial party congress in six weeks' time, there will be no shortage of Western observers scrutinising their every move. At the end of a year in which China appears to have turned its back on reform, they — no less than the Chinese people — will be looking for clues to the future political direction of the country.

Overshadowed by the pragmatism of Mr Mikhail Gorbachev's Russia, it remains unclear whether Deng Xiaoping's new model China has tested the limits of liberalisation feasible in the Chinese Communist state — and decided to draw back.

It already requires an effort of memory to recall the confidence of late last year, when academics were researching sensitive issues in the social sciences and even challenging the party's right to absolute power. Writers were examining such forbidden topics as adolescent sexuality; liberal economists were pushing ahead with debate on share issues, and the first bankruptcy since the 1949 revolution prompted several cities to put failing factories on notice.

Today, the most outspoken of those academics, Fang Lizhi, an astro-physicist, has been thrown out of the party and his university post.

In the last two weeks, five prominent intellectuals have lost their jobs or party membership for ideological indiscretions that, in one case at least, dated from 1957. Many of the leaders of the student protests of last December and January—which led to the forced resignation of Hu Yao Bank, party general secretary — have also been punished in recent weeks.

As a result, writers are picking their subjects with more care and the newly formed General Office for News and Publications is to investigate liberal publications and publishing houses. Several newspapers in the Shenzhen special economic zone, which borders on Hong Kong, have been closed or subjected to a staff shake-up.

As for economic reform, share issues have been strictly limited and newspapers have apparently been forbidden to mention the share debate. Senior officials in Tianjin, a star performer in the reforms, say they have no plans for share issues. China still has just the one bankrupt factory, and a draft bankruptcy law is on hold.

In what would appear to be at least a temporary setback to the reformist cause, the Government last week backtracked on a policy of market-related pricing. In an attempt to head off conservative attacks, Peking has reintroduced subsidies and set price ceilings for food, rather than extending price reform as planned.

To deflect criticism of the reform programme, middlemen have been condemned for profiteering and the weather blamed for restricting the harvest. A few days ago, the Government admitted that urban inflation had reached 9.1 per cent annually, that vegetable prices rose 17.8 per cent in the first half of this year, and crucially, that the standard of living for some workers had worsened. Such evidence of economic deterioration could further undermine the reformist position.

It is easy, however, to oversimplify the struggle between reformers and conservatives. It is true that deep-rooted differences exist on issues as basic as whether Marxism can be enriched or is a body of eternal truths; but it is also the case that behind the apparent uniformity of the Mao-suited party leadership, a thousand rivalries smoulder.

Military leaders want to ensure that the prestige of the People's Liberation Army is not diminished, and others—after all they are politicians—are concerned that their home provinces should receive a fair share of the economic development cake. Party alliances on these and other issues are complicated by friendships that stretch over six decades and through such turbulent periods as the 1966-76 cultural revolution.

Nor is it true that the conservatives are having things all their own way. Zhao Ziyang, the premier and acting party leader, said a few weeks ago that change in the economic sphere is occurring too slowly. He told the politicking conservatives: "We should talk more about economics and less about politics."

Zhao has also made a point of noting publicly what he describes as the nervousness of the masses, which he and others think is caused by the volatility of the political debate raging in the press. Perhaps even more significant is the fact that the conservatives have had much more success in curbing what they see as excessive "bourgeois liberalism" in the arts and publishing than in the economic sphere. Although price reform has been a recent casualty, conservative attempts to widen their attack to economic subjects such as the call for more central planning have attracted little support.

The main reason for this is that, so far, the reformers have been able to point to a reasonable record of success for their economic policies. Zhao's task is to show that his Government is still in control—even though it has relaxed controls.

The latest trade figures provide some evidence that the state is indeed in control. In the first half of this year the deficit was only £1.2bn after a deficit for the whole of last year of £7.4bn.

Trade is a sensitive issue in China, as some conservative commentators are convinced that running a deficit means the country is being exploited by foreigners.

The People's Daily has frequently made the pro-reform point that it is up to party ideologues to set economic changes in political perspective. It has been sympathetically profiling model reformers in private business and collective factories.

One recent incident shows how these tensions are taking their toll of social order. Last month, the Chinese press reported what they called the "Cangshan garlic incident," when irate garlic farmers stormed the municipal offices in the coastal provinces of Shandong. They hurled garlic at officials for the alleged mishandling of a bumper garlic crop that caused a plunge in prices and profits.

The reformers, aware of the popular appeal of law-and-order politics, said the incident highlighted the need for further reform to streamline distribution systems and make officials more accountable. The conservatives say th egarlic throwing reflects a lack of social discipline.

Against this background, Zhao's strength of leadership, his intelligence and his reform record in the provinces have commanded the respect of all but the most conservative of his colleagues. His speeches are artful political manoeuvres laced with candid admissions of the problems plaguing reform. They draw the inevitable and forceful conclusion that without reform China is destined to remain backward.

In the short-term, his goal is to consolidate existing reforms and to ensure the wider application of pricing flexibility and the ceding of power to managers at the expense of party officials.

As for political reform, the long-term aim for the party—over a period of five years or so—is what the reformers call "democratisation," meaning not a multi-party system, but a system where the Communist Party is made more accountable.

Whether Zhao, who is due to be confirmed as party leader at the October Congress, can succeed where Hu Yao Bang failed remains the great test. It may be that in his haste, Hu ruffled feathers which Zhao has successfully smoothed—and that Zhao will therefore succeed in building upon the sense shared by most of China's leaders that change is inevitable. As Deng Xiaoping (helped by the official translation service) put it in a speech released this week: "There is no other solution for us. After years of practice, it turned out that the other stuff didn't work."

THURSDAY BOOK REVIEW

High Visibility

by Irving J. Rein, Philip Kotler and Martin R. Stoller

William Heinemann, £14.95

LAST FRIDAY'S London Evening Standard had a photograph of Maxwell Beck of New Jersey receiving a congratulatory kiss from his mother while still covered with 138,000 Italian honeybees. Beck, we are told, had just broken the world record for wearing bees on the body.

The opposite page of the same newspaper carried a story about Donna Rice, the actress and model whose association with Gary Hart ended, for the time being at any rate, his campaign for the Democratic presidential nomination. The story quoted ABC TV as saying that it would pay Miss Rice up to $200,000 for the "whole truth about her relationship with Hart"—in other words whether or not she slept with him—for use in a film about the scandal.

Not so, her manager said. Rice had no intention of saying whether or not she slept with Hart. "The film will show she has feelings and emotions of course," he said, adding mysteriously: "You can't ignore the elephant in the room."

Both these stories are about fame and our obsession with it. Maxwell Beck's is about how people set out to achieve it; Donna Rice's about how they attempt to extract some benefit when they find fame thrust upon them.

In High Visibility three teachers of marketing and communications at Northwestern University in Chicago attempt to explain both the celebrity phenomenon and the business of creating and sustaining it. They claim that the industry which promotes the famous has more consumers than Sears, more employees than the airlines and is as important to the national economy as agriculture.

They are talking about America of course, but no book on the uses and abuses of fame is without interest in the country which produced Lady Di, Bob Geldorf and Jeffrey Archer.

Apart from the ragged ranks of public relations consultants, speech instructors, make-up artists and assorted hangers-on, the American celebrity industry can boast people like Peggy Ganopole of the Ask Mr Foster travel agency, "whose whole function is to smooth celebrities' movements through airports." Jack Nicholson will, apparently, not budge from his limousine unless she is there.

In former times people were famous for what they had done. Today anyone can be famous

There is also Dr Robert William Donovan, a dentist who created the complete Face Clinic, a consortium of plastic surgeons, dentists, orthodontists, hair stylists and dermatologists. At the Face Clinic, in Dr Donovan's words, "you can turn in your head and get a whole new one."

The authors point out that there have always been celebrities. Many, like Napoleon with his hand over his stomach, understood the principles of public relations and the importance of having a personal trademark.

In times gone by, however, people were famous for something they had done, for some act of heroism or infamy. The difference today, the authors say, is that anyone can become famous. All it requires is that the celebrity industry apply its magic.

A modern celebrity is manufactured and marketed in the same way as any consumer product. Researchers discover what the public wants and the publicists then turn some unknown into the singer, or politician or modern artist, that the market will buy.

In some cases, it is true, the celebrity-to-be requires a certain skill, such as being able to perform a heart transplant. But there are plenty of "newly celebritised sectors," as the authors call them, where little expertise is needed.

Two of the writers, for example, participated in an experiment aimed at transforming a young comic actor called Richard Radutzky into a celebrity. Radutzky had won a chance to appear on network television to perform one of his most impressive stunts: levitating a pea by blowing a stream of air at it. By working on his act and presentation and generating a fair amount of media coverage to go with it, the team turned Radutzky into a modest celebrity.

But what of it? That public relations people often try to present an image of their client which does not accord with reality is hardly news. We all realise by now that politicians are advised on how to speak and dress and that heart-rending Hollywood confessions of drug addiction are meticulously scripted and rehearsed.

The authors do not even seem sure why they wrote the book in the first place, or what they think of the ethics of the celebrity industry and its products.

The book veers between being an instruction manual on how to make yourself famous and an exposé of how the public is having the wool pulled over its eyes. At one point we are told that there is nothing wrong with David Bowie being more highly esteemed than the editor of a serious political journal, at another we are asked how celebrities, getting by on trickery and plastic surgery, can live with their consciences.

The pity of this book is that it spends so long belabouring what we already know that it fails to explore some of the interesting issues it throws up.

Why is it, for instance, that while popular affection for Woody Allen or Maria Callas is not diminished by the news that they were originally called Allen Konigsberg and Maria Calogeropoulos, the American public—or at least its press—takes a dim view of Gary Hartpence changing his name to Gary Hart?

Michael Skapinker

Men and Matters

Unilever sows its seed

Unilever surprised the City and much of the agricultural industry with its recent decision to pay £66m for the Government's Plant Breeding Institute, a centre in seed-development expertise to the southwest of Cambridge.

The cash sum — described as "an extraordinary figure" by one City analyst — is believed to have been substantially higher than that offered by Booker and ICI, the other two companies bidding for the centre, which was formerly run by the Agricultural and Food Research Council.

Onlookers are still wondering exactly how the institute and the work of its scientists is going to fit in to the Anglo-Dutch multinational, which up to now has had only a slim presence in seeds and plant culture. Unilever has until the end of September, the date when the centre is formally handed over, to sort out such matters for itself.

There may, however, be a different strategy at work, related to the institute's 400 acres of agricultural land which is conveniently close both to the centre of Cambridge and to the M11 motorway. House builders have been thirsting for just this kind of land to cater for the massed hordes of high-tech yuppies who in recent years have descended on Cambridge to work for the city's science-based companies.

If sold at current land values for housing in this part of Britain, the 400 acres would be worth some £200m, according to estimates. Of course, there is the little matter that the land lies in an area classified by the planners as green belt.

Unilever says it has no current intention to do anything with the land other than grow things on it. Nonetheless, the existence of this potentially useful asset may be of some comfort to the company in the event of its foray into plant breeding not turning out a success.

"Have you come to read the gas meter or moan about Sir Ian MacGregor?"

More rattle

The markeing boys at Castrol—who since the days of "Liquid Engineering" have reigned supreme in the industry—seem to have gone into overdrive with the launch of their latest oil offering, Syntron.

With the slogan "Ultimate Performance, Uultimate Protection," they have set out to catch that "select but growing group of discerning, sophisticated and technically knowledgeable motorists."

They also seem to be challenging for the world's largest press release, sending out an enormous moulded burgundy plastic box. Inside was a litre can, a matching leather credit card wallet, emblazoned with the gold Syntron logo, and details of a special offer set of tie and cufflinks, also maroon and gold, as well as numerous glossy pamphlets, each addressing a different aspect of the oil.

The only thing missing was a sample of the stuff itself—on closer inspection the can, complete with clashing scarlet lid, proved empty.

Night profits

British Rail is promising to shake its sleeper services into commercial life, with an eye to its inter-city routes making a profit by 1989.

The first shock for Scottish rail sleepers could come as they step from their trains in London. Instead of arriving at King's Cross or Euston station, as they do at the moment, all Scottish sleeper services will arrive and depart from Euston.

Another result will be that Newcastle, the capital city of the north-east, will be deprived of direct sleeper services.

Sleepers heading north for Newcastle will have to go on to Edinburgh — and travel south again by another train in the morning.

Some travellers on the London-to-Edinburgh Night Scotsman trai nhave already experienced another BR night innovation, the "experimental lounge car."

BR likens this to a hotel reception on wheels. Sleeper passengers can book in aboard the train, have a late-night drink, and an early breakfast, even telephone the office if they are suffering from insomnia. "All part of a package to improve the lot of our passengers," BR says.

The news that BR is also going to slow down its sleeper trains to 80 miles an hour "to give a more comfortable journey," comes as a two-edged sword for sleeping-car buffs, however.

Admittedly they should sleep more soundly. But they will sleep less — for the trains will use the shorter west coast route and arrive earlier. Already one Edinburgh-bound sleeper train arrives at an unsociable 3.42 am.

Banker's craft

We all know that a banker's job is to get the best deal (and return) that he can for his institution. But sometimes in faraway countries the methods used to accomplish this can border on the outrageous.

Consider what many foreign banks in Taiwan are doing to their deposit customers.

In addition to setting the valuation date of a cheque presented for deposit at between 15 and 30 days in the future, on the dubious grounds that the cheques take that long to clear, they are also charging their customers as much as NT$400m (about $13) per cheque for depositing their money.

While in percentage terms that may not amount to much on cheques worth thousands of dollars, it takes a hefty bite out of, say, a cheque for £30.

Citibank imposes an NT $400 service charge even on cheques drawn on its own branches.

One European banker in Taiwan attempted to justify this practice on the grounds that the banks are performing a service that costs them money. He suggested that the FT's man in Taiwan, who was conducting this harrowing research, should negotiate an interest rate on the account.

Let us do our sums. The bank holds perhaps tens of thousands of dollars of a customer's money. It pays no interest. It probably clears our cheques and receives our funds within a few days, while refusing to value them for as long as a month. Then it charges for the privilege.

What other career is worth considering mes enfants?

Observer

MR BILL STEVENSON stares into the murky waters of Darlington's largely disused docks. A former shipwright, he remembers the Tees when it was bustling with shipbuilding and engineering companies. Those old industries, and their workers, have almost all disappeared—the victims of recession, new technology and foreign competition.

There is little sign of how they will be soon replaced. Mr Stevenson's job for the past few years has been to manage a Government programme for the long-term unemployed. These schemes, which have expanded sharply with the rise in unemployment, have propped up the area's labour market, but they are not strong enough to promote economic resurgence.

A scan through the local paper discloses that most of the vacancies are part-time, aimed at women, while most of the jobs lost were full-time, employing men. Small businesses are struggling to replace jobs lost in the large companies.

The men on Mr Stevenson's programme, all prodigiously skilled in trades which are no longer wanted, have restored the HMS Warrior, Britian's first ironclad batleship, a symbol of the nation's past manufacturing strength. The ship sailed this summer for Portsmouth, in the prosperous South, for a new life in the service sector as a tourist attraction. "We cannot even keep the new jobs," reflects Mr Stevenson. "You are on the butt end of the country up here."

Mr Stevenson's story sums up many of the changes in the character of work over the past few years. Early last year the Financial Times set out to analyse these developments and answer some of the most troubling questions about the future of work. How should the advanced economies resolve the problem of persistent, mass unemployment? How will the character of work change with the introduction of new technology, the shift from manufacturing to services, the growth of a peripheral labour force of part timers, temporary workers and other occasional employees?

The final result of that research, which involved an opinion poll in five countries, and interviews with companies, trade unionists, politicians, and policymakers, is published today by Penguin*. Research in this area, although there is much of it, is inclined to identify questions rather than answers. What follows is an attempt to note the most promising avenues for explanation — intellectual, political and industrial.

First, it is important to be clear about the nature of the problem. We are past the period from the mid 1970s to the early 1980s when unemployment rose dramatically; that was a time for emergency measures.

IN SEARCH OF WORK

Back to the future: not enough new jobs for old

At least we should ask the right questions

by Charles Leadbeater

In the late 1980s, the advanced economies face a different kind of unemployment problem, which requires a different response. The problem of the remainder of this decade and the early part of the 1990s will not be rising unemployment but persistent unemployment. In the developed countries of the Organisation for Economic Co-operation and Development, 31m people are out of work. Forecasts point to little change in this number in the next few years. In those countries, like the UK, where unemployment is falling, a recession brought on by imbalances in the world economy will push unemployment up again.

All this has happened against a background of change which still seems bewilderingly rapid. New technology is having a pervasive effect on the quantity, distribution and character of work. To reap the full gains of new technology it is not enough to introduce islands of automation.

Japanese manufacturing success has been based not upon replacing large numbers of people with a small number of machines—the caricature effect of microelectronics upon industrial society—but upon combining people and machines in more efficient ways.

These processes require a range of skills and knowledge which many managers lack. Equally, workers are being forced to adapt to more flexible and unfamiliar working practices. It is a cliché, but one still insufficiently taken to heart, that training and retraining have to be given a new importance.

This will in turn require changes in the organisation and management of companies. It seems likely that companies will pass greater responsibility for quality, maintenance and production control to the shop-floor. With day-to-day management increasingly in supervisors' hands, this should leave senior management more freedom to plan strategically.

Exactly how these new relationships will affect pay structures is one of the more sensitive issues which lie ahead. Profit-sharing, share schemes, improved pensions and other non-wage benefits will become more important as companies seek to reshape the attitudes and culture of their workforces.

But the most fundamental challenge comes from unemployment. Should people who are involuntarily unemployed be denied a decent income because they cannot get a wage through employment? Although always subject to political anxiety about rewarding the "work shy," there is growing interest in income maintenance schemes which would guarantee a basic income from the state regardless of whether recipients are in work.

Less tangible in the reform debate is the question of the work ethic. Some argue that a society which treasures employment, yet denies it to milions is in a state of moral incoherence and that the cultural pain of unemployment should be reduced by weakening across all of society the desire to work. Such a work ethic requires the widespread acceptance that jobs are society's rather than an individual's property.

Throughout these changes runs a single theme. New social divisions are opening up between three groups: the insider workers who are motivated, retrained and integrated into the companies, a periphery of flexible workers to provide bought-in services and those stuck on the outside.

It is easier to state these problems than to devise policy prescriptions and it may well be that persistent mass unemployment is a subject of such complexity that it defies programmatic solutions. It is possible, however, to suggest a number of areas where any high-unemployment country like the UK should be actively searching for effective policy.

On one level, the agenda is easily summarised; since the labour market is failing in its central task of simultaneously allocating work and income to workers, the agenda for Government, companies and trade unions is to reform that market, and to improve its capacity to promote employment. But what does reforming the labour market mean?

One useful point is that macroeconomic arguments about employment have subsided. The line between those who believe the economy is driven from the supply side, and those who believe it is driven by demand, has blurred. Both blades of the scissors—supply and demand measures—will need to be used to cut unemployment.

At the microeconomic level, there are a number of areas in which Government is likely to take a lead. One is the attempt to moderate the rate of increase of real wages, which threatens to increase inflation and curtail the ability of the economy to generate additional jobs.

Another is in the stimulation of new technology, which governments can assist through their policies in education, procurement and research and development. But it is primarily upon companies and their workers that the burden of investing in and adapting to technology lies.

The challenge is to train better and to manage the production process more intelligently.

The task of managing a workforce composed largely of peripheral workers in terms of motivation, management, and training, is one which largely is still to be tackled.

Similarly peripheral workers' uncertain rights as employees, their frequent lack of national insurance and pension cover, and other welfare benefits that stem from full-time employment, need to be cleared up if their flexibility is to be consolidated through consent. This may offer a role for trade unions — as some have recognised.

The same applies to flexibility among hard-core full-time employees, which has been won by persuading workers of the threat from competition and redundancy. Many companies are beginning to incorporate their employees more fully into the business through employee involvement, profit-sharing, and employee share ownership

It is unlikely, however, this can happen without these smaller, more highly skilled workforces seeking some greater say over how businesses are run in the future, or some greater security in return for continued flexibility. This portion of the debate seems to be in abeyance.

Special employment measures, although conceived as crisis policy, also have a part to play in the medium term. Both the Youth Training Scheme and the Community Programme for the long-term unemployed are capable of operating effectively alongside more strategic shifts in education and income maintenance policy. Both could be underpinned, with considerable benefits for morale, by a one-year job guarantee for the long-term unemployed.

The dramatic upheavals of the late 1970s and early 1980s stand as a bridge in the development of British society. Behind stands the era of full employment.

Britain has just reached the other bank. Without a new consensus founded on a more comprehensive response to unemployment, and the transformation of work, there will be a continued appalling waste of resources, and of people's lives. Britain will become a harsher place in which to live. But it will not be the harshness created by the dramatic economic shocks of the late 1970s, in which all were threatened. It will be written into the social fabric, the costs will be borne by the outsiders while the insiders reap the benefits.

* *In Search of Work by Charles Leadbeater and John Lloyd. Penguin, £3.95.*

JOE ROGALY

Taming the teachers

THE GOVERNMENT'S plan for the reform of what is taught in Britain's classrooms is excellent, except for one tiny flaw; it does not tell us how the teachers are to be won over.

The plan itself is described in a bold red consultation document entitled The National Curriculum 5-16. It says all the right things. Every child will be taught mathematics, English and science for more than half the time at primary school and between 30 and 40 per cent of the time at secondary school. In each case the content of the course will be set out in detail — work has already started on the national syllabuses for maths and science. The three "core" subjects will be taught alongside five "foundation" subjects: technology; a modern foreign language; history or geography or both together; one or a combination of art, music, drama, or design; and physical education. That would leave a tenth of the time for non-specified courses, like home economics or a second foreign language.

So far so good—or is it? The consultation paper was published at the start of the summer vacation. Not enough copies seem to have been printed the first time around and it is apparent that most teachers will have to learn of its contents from secondary sources. (As for parents, the Government has devoted far more money and effort to telling them about condoms and British Gas shares than it is about the most important upheaval in education yet attempted.) Comments on the paper must be in by September 30, which will ensure that most of its critics will not have read it properly.

The predictable grumbles from the education establishment are already being heard. This week it was the turn of Sir Roy Harding, the general secretary of the Society of Education Officers, who complained that too much was being attempted too quickly, and warned that for a few years at least standards might fall. Others have argued that the proposed curriculum is too rigid, or too heavily biased in favour of traditional grammar school subjects rather than vocational education, or too burdened with targets—there are to be tests of attainment at 7, 11, 14 and 16.

Sir Roy at least may have a point. The bold red paper is but one of seven education consultative documents put out by the Government since the election. The other six, not all of which have the merit of the one on the curriculum, range over topics like the governance of individual schools, "opting out," and collective worship. They are all preparatory to the "Great Education Reform Bill" (perhaps we should call it a Gerbil) that the Secretary of State for Education, Mr Kenneth Baker, plans to publish in the autumn. The Gerbil amounts to a total restructuring of British education, most of which will not take effect in the classroom until the 1990s.

In theory that gives Mr Baker or his successors three or four years in which to win the co-operation of the teachers. In practice there is far less time available, since much will depend upon the tone of the dialogue between the Department of Education and its client groups. That dialogue has already begun. It is a fair bet that as the autumn progresses it will be conducted with all the vituperation and excess that we have come to expect from the leaders of competing trade unions, especially when they speak for white-collar professionals. There is a drift away from the National Union of Teachers, but it is still a powerful reactionary force nationally and a destructive one in London. Nor is the NUT alone to blame: most of the other teachers' unions have behaved badly at one time or another during the past three years.

Against this background Mr Baker will be prosecuting a programme of reform that, in the words of the Times Educational Supplement "unwinds 80 years of English (and Welsh) educational history." He will be trying to do it without spending any more money, which is not realistic if the present corps of teachers is to be retrained. And, so far, he has not begun to talk directly to the teachers. It is a task to which he must devote all his energies. That is his only hope of persuading them to put in the "efforts and commitment" that his own document says are essential.

Letters to the Editor

Avoiding the staggers

From Mr L. Brennan

Sir,—The BP offer may again, although in different circumstances to recent flotations, put the Government as vendor in the position of appearing to be the benefactor of the "stags." It may prove possible, as Mr Jones suggests (August 25), to substitute a deferred "loyalty bonus" for a price discount to keep the private investor "stags" at bay. But what of the employee "stags"?

Recent privatisations have allowed employees, given priority as they rightly should, to acquire many times the limit that has been applied to private investors. The result has been to teach employee shareholders the tricks of the "stags" rather than the habits of the investor. At the time of the BAA flotation you reported that the Revenue was moving towards taxing employee priority share offers, as a response to employee "stagging." A better route would be to require significant allocations under employee priority offers to require a no-sale agreement for, say, a year. The taxation problem that such a restriction would give employees under section 79, Finance Act 1972, could be removed as part of the current review of that section by the Revenue.

If employees are given priority under the BP offer, and are exempt from the scaling down that applies to other investors, and if the market recovers its nerve to set the climate for the "stags," then a combination of the "stick" of a no-sale condition on employee priority offers and the "carrot" of a loyalty bonus for private investors may contribute to an orderly market. It is later this year that the British Telecom "loyalty bonus" is due and we shall see what influence that has had on share retention.

Laurie Brennan,
New Bridge Street Consultants,
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EC4.*

Ignorance and US law

From Dr M. Levi

Sir,—Richard Lambert's interesting account (August 22) of insider dealing developments in the United States omits to mention that part of the journalist's defence against insider dealing charges is that although the Wall Street Journal may have had a policy which banned tipping stories for profit as unethical, he was not apprised of such a policy. The allegation is that the Journal boosted the salience of its policy to protect itself from public condemnation. This raises intriguing questions of culpability, for although ignorance of the law is no defence, ignorance of company policy may be. This may turn upon witness credibility when it comes to court, but how many of us know what our employer's ethical policy is?

Dr Michael Levi,
(Senior Lecturer in Criminology),
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PO Box 78, Cardiff.*

Peaceful use of firearms

From Mr N. Utting

Sir,—In the wake of the Hungerford killings, Britain's firearms laws and firearms owners have come under greater scrutiny than at any other time in the last half-century.

While no reasonable person would even attempt to draw up an equation balancing the lives of 16 innocent people against the interests of one section of the sporting community, certain facts should be firmly stated before the shooting sports and the interests of legitimate firearms owners are irrevocably damaged in the inevitable emotional backlash.

Figures from the Shooting Sports Trust (based on Home Office data) show that there are 160,000-plus registered holders of firearms certificates—as opposed to shotgun certificates —in England and Wales and a further 38,000 plus in Scotland; actual numbers obviously vary as people enter and leave the system. Between them, the English and Welsh certificate-holders possess approximately 60,000 pistols and 180,000 rifles.

These figures may come as a shock to many, but in view of the strongly law-abiding nature of certificate-holders, the rarity of legally-held firearms being used in crime, and the exemplary safety record of the shooting sports, it is hardly surprising that firearms ownership is so low-profile.

Firearms owners are vetted by the police at the time of their initial application for a certificate; their position is further re-assessed at each three-yearly certificate renewal and at each request to increase their current holding of firearms.

One of the many tragedies of this present situation is that Michael Ryan's act of insanity totally overshadows that safe and peaceful sporting use of firearms on the part of Britain's thousands upon thousands of regular shooters, this use being remarkable for the way in which it does not intrude upon the lives of non-shooters. In terms of numbers of participators, as opposed to spectators, shooting comes second in popularity only to fishing.

While some form of further restrictive legalisation—based on instinctive emotional reaction rather than reason, one suspects — is virtually guaranteed, it would be heartening—but unlikely—for the shooting community to be able to believe that its outstanding record of both safety and adherence to the law had been considered if only in passing.

Nigel V. T. Utting.
*1, Pied de la Rue Villas,
Rue du Hocq,
St. Clement, Jersey, CI.*

A fundamental issue

From Mr W. Flower

Sir,—The August 20 article by Mr Rogaly (not normally noted for his legal commentaries) follows hard on the heels of "Justinian's" recent outburst on the same subject and to much the same effect.

It is a pity that the Financial Times, in common with much less distinguished publications, chooses to ignore the fundamental issue, which concerns many people even more than the (rather over-cooked) freedom of the Press — and that is the issue of treachery. Treachery, moreover, for a great many "pieces of silver."

William R. N. Flower.
*84 Lancaster Close,
St Petersburgh Place, W2.*

The price mechanism

From Professor J. Wiseman

Sir,—Ms Griffith's letter (August 21) concerning the interest of consumers in reliability of electricity supply, follows a series of letters placing the emphasis of efficient privatised delivery on the organisation of supply conditions.

A major benefit of efficient competition in any field is the precise adaptation of demand and supply conditions to consumer preferences. This can be achieved only by the responsiveness of prices to demand as well as to supply. In the case of electricity, not all consumers would suffer the same potential inconvenience from a given risk of interruption of supply, and not all would attach the same value to protection from that risk. It is to be hoped that privatisation will take a form that will encourage the development of more sophisticated tariffs which will both enable consumers generally to express their individual preferences concerning the security that interests Ms Griffiths (and the cost of providing it), and at the same time ration the amount of standby capacity that suppliers have to provide.

It is a pity that so much of the economics and other literature bearing on this topic conveys the impression that the problem is simply technical (concerned with differential engineering costs) rather than one of the use of the price mechanism to adapt supply to consumer preferences.

(Professor) Jack Wiseman,
Institute of Social and Economic Research.
*The University, Heslington,
York.*

Friends Provident link-up

From Mr D. Tasker

Sir,—Your story (August 18) regarding Abbey National's decision to link with Friends Provident filled me with no little concern.

Friends Provident claims that it is committed to the continuation of a strong independent intermediary sector yet at the same time your article states "the link-up would have considerable financial benefits. These would be passed on in lower prices." Are we to believe that it will be possible in the future to purchase Friends Provident policies at lower premiums than through a FIMBRA member?

Do not get me wrong, I can understand its motives, ie to increase its client base. What does confuse me though is how Friends Provident expects independent intermediaries to continue recommending its products when it would be quite easy for a client to purchase exactly the same product at a cheaper rate from the Abbey National !

D. Tasker,
Bervale Mead,
*72-76 Union Street,
Dunstable, Beds.*

Melting oyster mountain

From Mr D. Brierley

Sir,—Let me bring to the notice of the beleaguered Breton oyster growers (August 22) the Brierley method for opening oysters. It was devised after a postprandial muddle on a shopping raid to Boulogne resulted in our bringing home a small oyster mountain. The method requires no miracle gadget and causes no gashed hands. It is very simple. First establish that the oysters are all in good health and firmly closed. Then deposit them in the freezer. The only tricky part is remembering to take them out of the freezer a couple of hours before dinner. As the oysters unfreeze, the shells open. *Voila, c'est tout.*

David Brierley.
*Old Farm,
Harthall Lane,
Kings Langley, Herts.*

FINANCIAL TIMES
Thursday August 27 1987

NEC puts a feather in the cap of Scotland

BY DAVID THOMAS IN LONDON

THE DECISION by NEC of Japan to make the latest generation of high-powered semiconductor memory product at Livingston, Scotland, is an important event for European semiconductors and a feather in the cap for the Scottish electronics industry.

However, the reaction yesterday at Livingston was muted, since it still had not received official notification of the decision, which was confirmed in Tokyo early yesterday.

Yet Mr Haruo Akiyama, the Dusseldorf-based managing director of NEC's European electronics operations, was in no doubt of its significance. "It is a kind of technology transfer from Japan to Europe to introduce this high end production process," he said.

In October the Livingston plant will start producing, initially at the rate of 20,000 to 30,000 a month, the one-megabit memory chip - semiconductors with about four times the power of the present generation 256K memories.

NEC, which last year became the world's largest semiconductor producer, is particularly strong in memories - the workhorses of the semiconductor industry which are crucial to data processing, telecommunications and other high-tech needs.

NEC's move to make the one-megabit in Livingston is particulary significant for two reasons: the one-megabit has steadily becoming the basic building block; and the advent of the full-scale manufacture of such a chip.

World rankings of semiconductor sales 1986, $bn

NEC	2.638
Hitachi	2.305
Toshiba	2.261
Motorola	2.025
Texas Instruments	1.820

Source: Dataquest

Analysts agree that the one-megabit will steadily replace the 256K as the basic memory building block of the electronics industry.

Dataquest, the US-based market research organisation, is predicting worldwide sales of 381m one-megabit chips next year, up from 53m this year, with Europe accounting for about 15 per cent of the market. The one-megabit will overtake the 256K in volume sales sometime in 1989, according to Dataquest.

It is crucial for Livingston to be in on the early stages of this growth, so that through its parent's marketing operation in Europe it can build a strong customer base. Mr Akiyama said the balance between 256K and one-megabit production at Livingston would swing towards one-megabit, as demand for the more powerful chip takes off.

So far, Europe has only two other one-megabit operations. Toshiba of Japan set up an assembly operation at its West German plant this year and Siemens of West Germany has begun fabrication on a small-scale test basis.

The NEC announcement goes significantly beyond both the Toshiba and Siemens operations in one key respect: it invovles full-scale manufacturing of the one-megabit chip.

This is a vote of confidence by NEC in Livingston, which earlier this year became the first Japanese semiconductor manufacturing operation in Europe when it installed wafer-fabrication for 256K chips. Until then Livingston, like other Japanese chip factories in Europe, had only assembled and tested the chips.

The scale of NEC's commitment to Livingston can be measured from the fact that Tokyo is now quoting £127m ($206m) as its total investment in upgrading its Scottish plant, 50 per cent up on the £80m cited when 256K manufacturing was announced. Part of the increase is due to the heavy investment in advanced facilities such as computerisation needed for one-megabit production.

WORLD MEMORY CHIP UNIT SALES, m

	256K	1 megabit
1986	606	5.4
1987	828	53
1988	731	381
1989	533	666
1990	291	960

Source: Dataquest forecasts

Indeed, Livingston appears to have beaten NEC's plant in California, the only other NEC facility outside Japan capable of making one-megabit chips, to the prize.

NEC said yesterday that no decision on making one-megabits in California was imminent and that Livingston might even export the product to the US. As Mr Akiyama put it: "Although it will be mainly supplying the European market, in some senses it will be utilised as a global supply base."

Although NEC denied that politics has affected the decision, it will inevitably be seen against the backdrop of the friction between Japan and its western trading partners over electronics trade.

Indeed, the European Electronic Component Manufacturers Association, representing the European-based semiconductor manufacturers, is today launching a campaign for stronger European Commission support in fighting off Japanese competition.

The association is pushing an anti-dumping case aimed at some Japanese memory products through the Commission, though any duties which result are unlikely to affect a new product such as the one-megabit.

Mr Jim Beveridge, a London-based analyst for Dataquest, comments: "Japan wants to be seen to be fair in terms of where it is producing its semiconductors."

But besides wishing to give the right signals about its readiness to shift high technology production to Europe, NEC's decision has been made for sound commercial reasons, such as the pressures imposed by the high value of the yen.

Mr Akiyama said it would benefit NEC's European customers to be closer to the point of production. Mr Beveridge agrees, arguing that European customers like to visit and negotiate with the manufacturing base.

NEC is determined to build up its share of the European semiconductor market, now standing at about 4 per cent.

Semiconductor industry lobbies EC, Page 2

Richard Gourlay in Seoul assesses a pivotal figure in S Korean politics

Moderate with a reformer's touch

THERE WAS a time when people called Mr Roh Tae Woo the moderate in President Chun Doo Hwan's tough South Korean military government. But nobody could find anything moderate that he had done.

This changed on June 29 when he threatened to resign as the ruling Democratic Justice Party's presidential candidate unless the Government allowed direct presidential elections and introduced other sweeping democratic reforms.

His intervention followed weeks of turmoil during which riot police fought pitched battles with student-led demonstrators leading, at the peak of the crisis, to widespread fears that martial law would be imposed.

Since that showdown with President Chun, Mr Roh has remained the pivotal player in South Korean politics, juggling the need to placate hard liners in the military with his desire to appeal to future voters who have clearly backed democratic reforms.

He has taken every opportunity to paint himself as the reforming democrat and has tried to distance himself from the unpopular President Chun. By comparison with the somewhat strident utterings of President Chun, in what seems like yesterday's language - for example, he refers to "impure" and "outside" elements, a euphemism for alleged communist or North Korean agents - Mr Roh's reserved and conciliatory tones have put him in closer touch with reform-minded Koreans.

Observers say that this centre ground is exactly what Mr Roh wants to occupy ahead of the presidential elections. If the tight timetable is met, the election should be held in December after revisions to the constitution are agreed by the two main parties and approved in a referendum, and after the election laws have been rewritten by the national assembly.

However, Mr Roh is fighting a rearguard action against his own past. Many South Koreans, not just students and opposition leaders, cannot believe that Mr Roh's heart has really changed.

Roh Tae Woo: possible presidental candidate

After all, they say, he was a key architect of President Chun's takeover seven years ago. He was also his classmate, a link which has always forged strong bonds in Korea.

President Chun's Korean Military Academy classmates, who include Mr Roh and his close ally Mr Chong Ho-Jong, the defence minister, were the first of a new breed of officers, graduating from the first four-year academy course in 1955, to develop a strong "Korea first" spirit, untainted by either Japanese or Chinese influence. They believed Korean society lacked what it took to make South Korea great. This underpinned their belief in their elite role in the country.

To many Mr Roh is a symbol of nearly 27 years of military rule and the draconian suppression of political, human and worker rights. "Roh is not a bad man - he is more clever and less radical than Chun," a former opposition assemblyman said. "But politics in Korea is not a question of personality any more but a question of the political system."

Nevertheless, Mr Roh's split with President Chun on June 29 has allowed him to slough-off some of the damaging image of being a "military regime man," which analysts say is now a political kiss of death. Moreover, his position is strengthened by Korea's mixed feelings about change. During the military years, the economy, destroyed by the war, has recovered to the point where per capita GNP is now higher than Portugal's. South Koreans are aware they have a lot to lose if rapid change jeopardises economic advances.

Mr Roh's gentle handling - by Korean standards - of the labour unrest which has hit most sections of South Korean industry in the last six weeks also suggests that he is serious about pushing through with democratic reforms. He has led the moderate voices calling for management and workers to sort out labour unrest between themselves.

In the past the Government regularly helped companies forcefully to suppress strikes and efforts to organise. As uncoordinated strikes have hit over 1,700 companies, Mr Roh has swayed with the punches, saying the workers' demands are inevitable and that they have a right to a fair share of the benefits gained from their own "sweat and sacrifice."

The greatest challenge in South Korea's march to democracy lies ahead. Students returning to university in September have spent the vacation organising a countrywide union council representing most colleges. They are likely to return to the streets, and, therefore, clashes with riot police, to demand the release of political prisoners still held without trial by the Government.

Mr Roh warned of this on Monday when he addressed a meeting of Democratic Justice Party members. Some people, he said, were worried that combined student and worker unrest "might bring about a chaotic situation". Furthermore, some senior government and party officials were "sceptical about the prospects of the projected elections being held". But, Mr Roh strongly denied the use of the military, saying mobilisation might be considered if "every one of the citizens" want it.

If student clashes coincide with continuing labour unrest, many South Koreans say there would be chilling similarities with the 1980 student and labour demonstrations which led to President Chun, then a general, seizing power. A big difference, however, is that the economy is now racing ahead while it was temporarily shrinking in 1980.

It is a measure of the recent political changes that most coffee shop speculation is not about whether the country will get as far as presidential elections, but whether Mr Roh can win. He has not started campaiging yet for the elections, though every public utterence is now set against that backdrop.

He also lacks an opponent at present. The opposition has yet to decide whether Mr Kim Dae Jung, the charismatic speaker and former political prisoner, or Mr Kim Young Sam, the shrewder but quieter party politician should head the opposition slate.

Woerner nominated for top Nato post

By Peter Bruce in Bonn

WEST GERMANY yesterday formally nominated Mr Manfred Woerner, the Defence Minister, to succeed Lord Carrington as Nato Secretary General next year and increased the likelihood of a rare public battle for the alliance's top political job.

The West German announcement, which took place after consultations with the US, comes just two weeks after Norway said that it intended to put Mr Kaare Willoch, a former Prime Minister, up for the post.

Lord Carrington, a former British Foreign Secretary, said when he became Secretery General in 1984 that he would remain only until June 1988.

Announcing the West German decision yesterday, Chancellor Helmut Kohl said Mr Woerner, 52, had great experience with the military and that it was time a West German stood.

"We are one of the crucial members of Nato and we carry the biggest burden in Europe," he said. He added that Bonn did not, however, claim any special right to the post.

He dismissed claims that West Germany had been outmanoeuvred by Norway and that the nomination of Mr Woerner, which has been rumoured for months, was late.

Oslo, he claimed, had not consulted with Bonn before it nominated Mr Willoch and neither had the West Germans discussed Mr Woerner with the Norwegians.

Instead, Mr Kohl said that he had recently spoken to "important, very important, partners".

He later revealed that he had been in contact with the White House on Monday or Tuesday this week.

The are no rules governing the appointment of a Nato Secretary General, and Mr Kohl said a successor to Lord Carrington would be found after consultations between heads of government.

But the prospect of open battle being joined may entice other Nato members to nominate their nationals for the job.

Mr Giuliio Andreotti, the Italian Foreign Minister, and Mr Leo Tindemans, his Belgian counterpart, have both been mentioned as potential candidates.

Another possible barrier to Mr Woerner securing the position is that another West German, General Wolfgang Altenburg, is already chairman of Nato's important military committee.

Mr Woerner, who is fluent in French and English, studied law and had been in the Bundestag since 1966. He has also learned to fly modern jet fighters.

His record as Defence Minister has, though, been less than spectacular. He nearly lost the job 3½ years ago after he sacked a general for allegedly frequenting homosexual bars and then had to reinstate him after the allegation proved groundless.

He has also been criticised by retired senior officers - and, more quietly, by some still serving - for bad personnel planning and for trying to retire some officers at 45 to promote younger men.

Although he does not have a particularly strong political constituency in West Germany, he is popular with Bonn's Nato partners.

Kohl offers to scrap Pershing missiles

Continued from Page 1

that the Pershing 1As should not be included.

The argument used by Bonn and its Nato allies to justify this stance was that the missiles were owned by West Germany, although their warheads were under US control. Consequently, they could not be included in a purely bilateral negotiation.

Mr Kohl said it was vital that an INF agreement should be reached by the superpowers before the end of this year, so that it could be ratified before the 1988 US presidential elections.

Mr Kohl said he had consulted the US Administration in the two days before making the offer. It is understood he had talks with Mr Frank Carlucci, President Reagan's National Security Adviser, during his summer holiday. Bonn's offer implies that the US-controlled nuclear warheads on the German Pershings would be scrapped too, as Moscow has always demanded.

Mr Kohl laid down these conditions:

- The US and Soviet Union must reach a global INF arms deal in Geneva and stick to an agreed timetable for the dismantling of the missiles.
- The agreement must settle outstanding problems of verification.
- The accord must be ratified by both sides.

"In that case I am willing to declare today that, with the final dismantling of all Soviet and American medium-range missiles, the Pershing 1A missiles will not be modernised, but scrapped," he said.

Mr Kohl said he was assuming that the US and Soviet Union would reach agreement on INF this year. That would mean ratification by the US Congress next year and the accord would enter into force in 1989. It would then take until 1991 or 1992 to dismantle the INF weapons concerned, by which time the German missiles would be in urgent need of modernisation.

He said he expected a "constructive" answer to his initiative from Warsaw Pact countries and called for negotiations on very short-range nuclear weapons in Europe.

His original insistence that the Pershing 1As should not be included in a superpower agreement on INF was a gesture to his right wing.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	27	81	Malta	S	29	84	Rhodes	S	27	81
Algiers	F	31	88	Edinburgh	R	14	57	[illegible]	R	13	55	Rio de J'o	-	-	-
Amsterdam	C	15	59	Faro	S	27	81	[illegible]	-	-	-	Rome	S	27	81
Athens	S	31	88	Florence	F	26	79	[illegible]	C	18	64	Salzburg	S	21	70
Bahrain	S	36	97	Frankfurt	C	16	61	[illegible]	-	-	-	San Francisco	-	-	-
Bangkok	-	-	-	Funchal	S	23	73	[illegible]	-	-	-	Seoul	F	30	86
Barcelona	F	26	79	Geneva	S	21	70	Milan	S	23	73	Singapore	F	31	88
Beirut	-	-	-	Gibraltar	S	24	75	Montreal	-	-	-	Stockholm	C	14	57
Belfast	F	15	59	Glasgow	C	16	61	Moscow	S	17	63	Strasbourg	C	20	68
Belgrade	S	29	84	Guernsey	F	16	61	Munich	S	19	66	Sydney	F	17	63
Berlin	C	18	64	Helsinki	C	14	57	Nairobi	-	-	-	Taipei	-	-	-
Biarritz	C	21	70	H. Kong	F	31	88	Naples	S	29	84	[illegible]	F	30	86
Bombay	C	30	86	Innsbruck	F	19	66	Nassau	-	-	-	[illegible]	F	30	86
Bordeaux	F	22	72	Inverness	C	13	55	New Delhi	F	33	91	Tenerife	F	27	81
Brussels	C	15	59	Islamabad	-	-	-	New York	-	-	-	Tokyo	F	32	90
Budapest	F	23	73	Istanbul	S	27	81	Nice	S	27	81	Toronto	-	-	-
B. Aires	-	-	-	Jakarta	-	-	-	Nicosia	-	-	-	Tunis	S	30	86
Cairo	S	32	90	Jersey	F	18	64	Oporto	S	22	72	Valencia	S	28	82
Cape Town	S	25	77	Jo'burg	F	8	46	Oslo	R	11	52	Venice	S	23	73
Caracas	-	-	-	Lima	-	-	-	Paris	C	14	57	Vienna	S	19	66
Casablanca	-	-	-	Lisbon	S	26	79	Peking	R	22	72	Warsaw	F	23	73
Chicago	-	-	-	London	C	17	63	Prague	C	18	64	Washington	-	-	-
Cologne	C	17	63	Los Angeles	-	-	-	Reykjavik	R	11	52	Zurich	F	17	63
Copenhagen	C	17	63	Luxembourg	C	14	57								
Corfu	S	28	82	Madrid	S	27	81								
Dallas	-	-	-	Majorca	S	29	84								
Dublin	C	15	59	Malaga	S	27	81								

Readings [illegible]
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Arms treaty 'in sight'

Continued from Page 1

nost in your military affairs," he said, while calling on the Soviets to publish a budget for defence spending, information on the size and composition of Soviet military forces and a debate in the Supreme Soviet on military policy.

Mr Reagan - while cautioning that the present relationship between Washington and Moscow mixed hope with uncertainty - appeared to be laying the political groundwork for a superpower summit later this year.

On several occasions, he stressed the mutual interest between the US and the Soviet Union - such as an end of the Iran-Iraq war. He even linked democratic progress in the world to change in the Soviet Union.

Mr Reagan's speech also attempted to outline the consistency of US foreign policy in his Administration, moving from the resolute millitary build-up of his first term through the launch of the SDI (Star Wars) defence system to the first attempts to strike an arms agreement with Moscow, starting with the Geneva summit in 1985 and the Rejkavik meeting last year.

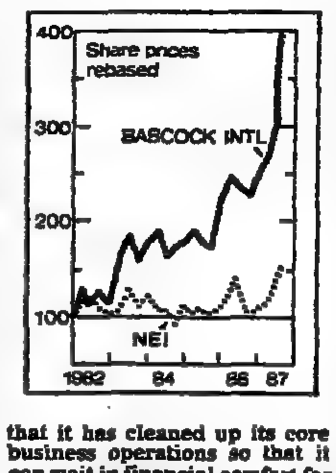
THE LEX COLUMN

Nothing to lose but your rights

After all the fuss about pre-emption rights, investors large and small are spurning companies' offers to shareholders of clawbacks on share placings. Trafalgar House was yesterday the latest to find that its clawback interested only a few investors - though at 5.3 per cent it fared far better than Thorn-EMI's.

The institutions with whom the stock was conditionally placed would have taken up their shares either way. But those small investors whose interests were being protected by the pre-emption rules appear to have refused merely because they could buy the stock cheaper in the market. Judging by the Trafalgar share price yesterday, down 8p to 373p, they were not rushing to do so. Perhaps they plan to buy even lower down,or possibly would only have taken up their extra shares to sell them at a profit. Even so, by abandoning their rights they are preferring dilution to a small and possibly temporary book loss. And to the extent that it might have been cheaper to settle for a firm placing in the first place, Trafalgar - which is in theory no more than its shareholders - is worse off. Apparently rights only need protecting in a rising market.

Meanwhile underwriters of the recent run of rights issues and placings-with-clawback cannot be so choosy about which they accept if they want to stay on the corporate financiers' lists. Perhaps discounts will have to widen a little on coming issues and possibly the system of fixed underwriting commissions regardless of risks is a step closer to breaking down. But after the run of easily earned underwriting fees, there is no cause to cry for the merchandisers of old rope.



NEI

Northern Engineering wants the world to believe that the worst is over, and yesterday's one third rise in first half pre-tax profits to £14.2m on reduced turnover is the first concrete indication that the company may be right.

Over the last couple of years it has shrunk its workforce by a third, closed a dozen plants and extricated itself from several unhappy investments and assorted projects. It has never tried to hide its long-term need for some hefty new UK power plant orders, but is satisfied that it has cleaned up its core business operations so that it can wait in financial comfort for the contracts to flow.Its gearing is falling fairly quickly and the dividend appears secure.

Order intake is up by 13 per cent and provided there are no more nasty surprises the group should be earning upwards of £40m in 1989 when it hopes that the big hardware orders will start moving through its engineering shops. Half of the UK's generating capacity has been supplied by NEI in the past and with more than a fifth due to be replaced during the 1990s it expects to win a sizeable portion of the new business.

Yet NEI remains a small player in an industry suffering from world over-capacity and there is no guarantee that the CEGB will not try to use this fact to exploit its bargaining power.

British Gas

In deciding today whether to appoint Sir Ian MacGregor to the board of British Gas, shareholders will be in the odd position of being asked to vote for a voluntary reduction in their company's profits. This might be justifiable if the company's pricing policies could be shown to be affecting its long term prospects by damaging its customer base. But if it is a wider question of the national interest, it would be more appropriate for shareholders to vote as electors on whether British Gas should be renationalised. And if it is simply an attempt by customers to negotiate gas prices by novel means, it has no place at an AGM at all.

It is true that customers using over 25,000 therms a year are not protected by Ofgas, and that those who cannot substitute oil as a fuel are at the mercy of a monopoly. But when the legislation was being drawn up, much of the pressure to exempt industry from statutory pricing came from industry itself. And whereas some companies cannot use oil and others cannot justify the expense of conversion, there are others whose decision not to convert was merely a wrongly placed bet on the oil price.

Given the insensitivity to the oil price of the British Gas pricing structure, it follows that UK gas prices are now above the Continental level, just as they were below it in the early 1980s. The right way to remedy that is through a free gas market across Europe, but that would run foul not only of British Gas, but of the North Sea operators' lobby and Treasury concern about the balance of payments. There is a great deal wrong with the supply of energy in the UK, but it is not to be addressed at an AGM in Birmingham.

FKI/Babcock

Barring the last minute appearance of an unexpected suitor, FKI looks like walking away with one of the grand old names of British industry on the expiry of its agreed £400m plus offer for Babcock International this Saturday lunchtime. No doubt the question of why the management of such a big company as Babcock decided to throw in the towel and invite a self-made Yorkshire millionaire to run the show will be debated for years to come. But for the moment the City is worrying about more mundane matters, of which the most pressing is the digestion of £500m worth of FKI paper.

The market has fallen by 6 per cent since the deal was announced and FKI shares, which are trading 11p below the conditional rights offer price of 182p, have fallen by 15.7 per cent since the eve of the offer. Babcock shareholders are more interested in yield than FKI shareholders, a fact which has added to the uncertainty about the size of the expected big placing of the sub-underwriters' stock.

Babcock shares closed yesterday 14p below the the 310p cash alternative, leaving room for possible last minute hitches such as an intervention by the OFT. It would be surprising, though, if FKI's confidence turned out to be misplaced.

FINANCIAL TIMES
Thursday August 27 1987

Amoco offers banks more in Dome battle

BY DAVID OWEN IN TORONTO

THE LONG-RUNNING Dome Petroleum saga took a further twist yesterday when Amoco Canada indicated that it would offer an additional C$100m (US$75.7m) in securities to four big Canadian banks to obtain their support for its proposed takeover of the beleaguered Calgary oil company.

The move follows attempts by Bank of Montreal, a major Dome creditor, to reopen bidding for the company by persuading an Alberta court to change certain conditions in the Dome-Amoco takeover pact which inhibits renewed offers.

The bank, owed about C$800m, thinks it should get more from a takeover than the average of 88.5 per cent of their claims which Amoco has offered secured lenders as part of its C$5.1bn bid, accepted in secret by Dome in April.

The supplementary payment, which does not represent an increase in the C$5.1bn that Amoco is offering for Dome, results from an agreement struck with Placer-Dome, the newly-formed gold mining company.

In essence Placer-Dome, which holds a 19 per cent stake in Dome Petroleum, has agreed to sacrifice the C$100m which it would receive in convertible debentures for its holding under the Amoco offer in exchange for relief from a C$225m guarantee of one of Dome Petroleum's debt obligations.

Under the terms of the deal, Placer-Dome will deliver "as Amoco Canada directs, the consideration Placer-Dome receives from its Dome Petroleum shares." It is now clear that this consideration would be paid instead to banks, if Amoco's takeover of Dome is allowed to go through.

Bank of Montreal was not immediately prepared to comment on the proposed supplementary payment.

In concluding his case asking the court to allow Bank of Montreal to proceed with a hearing on the Dome deal on Monday, the bank's lawyer, Mr James Redmond, accused Dome and Amoco of using "a form of coercion" in forcing the bank either to approve the takeover or push Dome into bankruptcy.

Bank of Montreal to boost capital

BY OUR TORONTO CORRESPONDENT

BANK OF MONTREAL, the second largest Canadian bank which this week reported a C$615m (US$465.9m) third-quarter loss after taking into account a C$753m after-tax charge, yesterday announced that it is making a C$300.3m share issue in a bid to replenish its capital base.

The 9.1m shares will be sold privately at a price of C$33 per share to five securities dealers – namely Dominion Securities, McLeod Young Weir, Nesbitt Thomson Deacon, Merrill Lynch Canada and Richardson Greenshields.

The move follows Bank of Montreal's decision, in common with other major Canadian banks, to boost substantially its Third World loan loss provisions, in turn cutting into shareholders equity.

This has already prompted Canadian Imperial Bank of Commerce to announce a C$302m common share issue. Many analysts expect further similar moves in coming weeks.

Despite the torrent of red ink unleashed by the decision to bolster loan reserves, Canadian bank stocks have been performing relatively well on the Toronto Stock Exchange.

On Tuesday, Bank of Montreal shares gained 12 cents to close at C$33.

Meanwhile, shares of Bank of Nova Scotia and Royal Bank of Canada – both of which also announced mammoth third-quarter losses on Tuesday – put on 37 cents and 25 cents respectively

Large loss at Royal Bank of Canada

BY OUR TORONTO CORRESPONDENT

THE ROYAL Bank of Canada, the fifth largest bank in North America, has reported a huge third-quarter loss of C$630m (US$477m) due primarily to a C$800m after-tax charge related to a sharp increase in its Third World loan loss provisions.

Net operating income for the quarter, however, was a record C$170m or C$1.29 a share – up C$58m from a year ago.

Earnings from international operations rose particularly steeply – by C$32m to C$51m – buoyed by a C$43m gain on the sale of the bank's former main London branch. Domestic net income, meanwhile, totalled C$119m – an increase of C$26m from this year's second quarter.

Nine-month net operating income was C$400m up – just C$23m from last year's level.

● The Bank of Novia Scotia lifted reserves on loans to troubled debtors to 35 per cent of its exposure, translating into a C$692.9m after-tax charge.

This resulted in a net loss (before preferred dividends) of C$594.9m or C$3.57 a share for the last quarter and of C$419 or C$2.66 for nine months.

Steep fall at Sony blamed on foreign exchange profit slide

BY YOKO SHIBATA IN TOKYO

SONY, the Japanese consumer electronics group, registered a consolidated net profit of Y3.38bn ($23.1m) in the first quarter to end-June, a fall of 59.3 per cent on returns for the corresponding period last year.

The steep drop in earnings was blamed chiefly on a Y8.5bn fall in foreign exchange profits from selling forward dollars to cover export contracts, as well as a decline of Y2bn in profits contributions from Sony do Brasil.

Sony achieved solid first-quarter sales of its 8mm camcorders, micro floppy discs, semiconductors and audio equipment. However, the yen's appreciation eroded dollar-denominated sales revenues, which accounted for 35 per cent of consolidated turnover. As a result, consolidated sales in the first quarter slipped 1.7 per cent to Y311bn.

Sales in Europe rose moderately as "beta" videotape recorders and audio equipment fared well, while domestic sales also scored a small gain due to stronger demand for camcorders and colour television sets.

Operating profits were up Y278.2bn to Y5bn, after a reduction in expenses.

Sony expects improved profits in the rest of the fiscal year, because of higher sales of high-quality 8mm video cameras and of other new products.

Full-year net profits are projected at Y32.5bn, an increase of 30 per cent, on turnover of Y1,380bn, up 7 per cent from a year ago. The consolidated results reflected the earnings performances of 169 subsidiaries and affiliates.

Italian bank set for bourse quotation

By Our Financial Staff

BANCO DI SANTO SPIRITO, the Italian bank which is 86.6 per cent owned by the IRI state holding company, hopes to get a bourse quotation in Italy, possibly by end 1988, said Mr Rodolfo Rinaldi, chairman.

He said IRI's stake in Santo Spirito could fall to 73.25 per cent in 1988 through the conversion of bonds and warrants, increasing the amount of capital floating on the open market to a level more than sufficient to permit a bourse quotation.

Latest financial data available show the bank made a net profit of just under L30bn ($22.7m) in the first six months of 1987 against L23bn in the corresponding period of 1986.

Dainippon Ink lifts offer to win Reichhold

By Our New York Staff

REICHHOLD CHEMICALS, a New York-based specialty chemicals producer, has now agreed to a $60 a share takeover offer from Dainippon Ink and Chemicals of Japan, ending a two-month fight to remain independent.

The deal, worth about $530m if Dainippon exercises some share purchase options, is the Japanese company's second US acquisition in a year. Its first was the $550m purchase of Sun Chemical's graphic arts materials subsidiary.

Dainippon's first offer in June of $52.50 a share was turned down by Reichhold. It called the price inadequate and said it would consider alternatives including rival bids or a restructuring.

Trafalgar House issue receives cold shoulder

BY NIKKI TAIT IN LONDON

TRAFALGAR HOUSE, the UK shipping, property and construction group, yesterday joined the lengthening list of acquisitive companies whose recent issues of new equity have been cold-shouldered by existing shareholders.

Of the 81.5m new shares issued by Trafalgar earlier this month to raise £306m ($492m), only 4.35m – just over 5 per cent – have been applied for under the clawback provisions. At the outset, all the shares were conditionally placed with institutions, and they will now get close to their full commitments.

"Given the market conditions, it's much in line with what we expected," commented Mr Ian Fowler, a Trafalgar director yesterday. "If anything I'm slightly surprised that 5 per cent was clawed back."

The new shares were placed (and offered to existing shareholders) at 388p on August 3 – an 8 per cent discount to the then-Trafalgar price of 423p. Trafalgar was raising the money to pay for its proposed acquisition of Pension Fund Property Unit Trust; the bid has subsequently failed but the fund-raising went ahead.

Since then the market itself has fallen almost 5 per cent, while Trafalgar has underperformed by a similar amount. Despite a recent rally, Trafalgar's price when the offer closed on Tuesday afternoon, was only 381p.

Yesterday, faced with prospect that stock may now overhang the market, the shares slipped a further 8p to 373p.

Trafalgar is only the latest in line of cash-raising companies where underwriters or places have fallen victim to London's shake-out.

Bond takes over St Joe Gold

BY GORDON CRAMB IN NEW YORK

MR ALAN BOND, the Perth-based beer and resources magnate, is to take control of St Joe Gold, a US mining group with interests in the US and Chile, in a $500m cash deal with Fluor, the California contracting and resources group.

Fluor has announced that it has reached a definitive agreement on selling its 90 per cent stake in St Joe to Dallhold Investments, Mr Bond's family company.

Other gold interests are also being included in the disposal which Fluor said was in line with a restructure of its natural resources interests announced 18 months ago.

A month ago Mr John Wright resigned as Fluor president to make his own proposed buyout offer for St Joe.

For Mr Bond, the acquisition marks his entry into US mining on any substantial scale. It also suggests a departure from moves in recent months to consolidate his largely Australian mining involvements under one quoted vehicle.

He controls Metals Exploration as well as North Kalgurli which recently secured a majority holding in Gold Mines of Kalgoorlie through acceptances from its current bid.

Funding has been assisted there by at least two rights issues, but analysts view his domestic operations as still highly geared.

Bond Corporation, his master company, has been active in the US through the purchase of Pittsburg Brewing, a regional beer producer, and has placed US depositary receipts representing possibly 5 per cent of Bond equity.

Clore prepares to bid for Rorer

BY OUR NEW YORK STAFF

MR ALAN CLORE, the British financier, is considering a bid for Rorer, the US pharmaceuticals company which is in merger talks with A.H. Robins, another leading US drugs company operating under bankruptcy protection from Dalkon Shield liability claims.

Mr Clore has frequently been seen as a potential bidder for Rorer since he acquired a large stake in the Pennsylvania-based company

In the last few months, however, attention has shifted from Rorer's own vulnerability to the company's bid for A.H. Robins. A $2.6bn was approved by the Robins management in July, but has yet to win the endorsement of the liability claimants, the bankruptcy court and Rorer's shareholders.

Mr Clore – Rorer's biggest single shareholder with a stake of 12.2 per cent – has not publicly expressed an opinion on the A.H. Robins bid. But the announcement that he is considering a bid for Rorer could, at the very least, greatly complicate any resolution of the long-running Robins bankruptcy saga.

The announcement came in a filing with the Securities and Exchange Commission.

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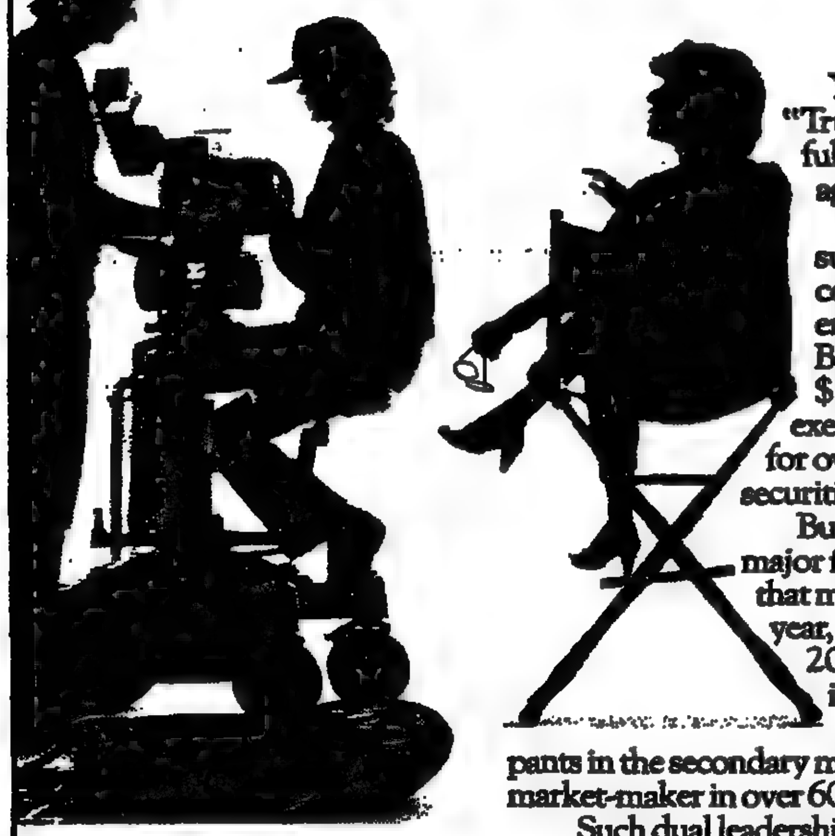

Bankers Trust was selected as exchange agent for the $2.6 billion acquisition of Storer Communications by its management and SCI Holdings, Inc.—a corporation organized by Kohlberg, Kravis, Roberts & Co. In 1986, our specialized reorganization processing team handled acquisitions totaling over $20 billion, including three of the five largest.

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So it should come as no surprise that more than 2,000 corporate and governmental entities worldwide depend on Bankers Trust to service over $150 billion in securities. (We exercise fiduciary responsibility for over $80 billion in debt securities alone.)

But for the same bank to be a major force in the Euromarkets—that might seem surprising. Yet last year, Bankers Trust lead-managed 20 Eurosecurity offerings totaling $2.5 billion. And was one of the most active participants in the secondary market, where we are a market-maker in over 600 different Eurosecurities.

Such dual leadership is the result of Bankers Trust's remarkable brand of banking: merchant banking.

Merchant banking blends two distinct aspects of banking. One is the lending capabilities and breadth of non-credit services of a commercial bank. Among these are our trust and agency services.

The other half of merchant banking involves the intermediary skills and entrepreneurial spirit of an investment bank. From this half springs our strength in the Euromarkets.

It's this combination of investment and commercial banking services that has made Bankers Trust the choice of so many private and public sector entities. For more often than not these days, what once were purely commercial banking functions now require a considerable degree of investment banking know-how. And vice versa.

The combination has given Bankers Trust leadership in many areas. Among them:

Trading. From our regional trading rooms in New York, London and the Far East, we execute over $20 billion in money, securities, and currency transactions daily. Bankers Trust is today one of the five largest primary United States government securities dealers and one of the acknowledged leaders in foreign currency trading.

Loan syndication. Bankers Trust plays a major role in the global syndicated loan and Euronote market. We are sixth among the top 50 lead managers worldwide, and are ranked fifth by leading participants in the world's capital markets in terms of innovative instruments and pricing.

Swaps. Bankers Trust is a universally acknowledged market leader in the intricate world of currency and interest rate swaps. Our team of specialists in New York, London, Tokyo, Hong Kong and Toronto completes an average of five deals every day.

Securities services. Bankers Trust's securities services capabilities go far beyond our leadership in worldwide custody and clearance. We also offer programs like Institutional Brokerage, Securities Lending and Dividend Plus to maximize the earning power of the securities we service.

In almost every area, Bankers Trust's merchant banking skills can serve you, and serve you well. Indeed, many clients now turn to us for virtually all of their banking needs.

Merchant banking.

If you're not yet taking advantage of it, you should. With the special kind of bank that can best put it to work for you: Bankers Trust.

When Bankers Trust brought a $350 million Eurobond issue to market for the European Economic Community, it was the largest bond and swap issue ever, and one of many arranged by Bankers Trust.

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Swiss franc sector leads flurry of new issues

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

THE INTERNATIONAL bond market saw a flurry of new issuing activity yesterday, including SFr 720m of foreign issues in Switzerland, a $300m convertible bond from Texas Instruments and a $200m straight deal from Merrill Lynch.

Two issues in Switzerland, by Nippon Telegraph and Telephone and Air Canada, brought new foreign public issues in the straight sector to SFr 1.82bn in August. Syndicate managers said the market was now overloaded with paper and that selling of both yesterday's issues was proving difficult.

They came despite a continued slippage in Swiss franc bond prices as investors switched out of longer-dated, low-yielding paper. Prices eased marginally yesterday.

This month's heavy volume of new deals has met a mixed response. Some issues, such as those for Newfoundland and Electricite de France, have gone very well. But others, including one for the World Bank and another for Manitoba, have moved far more slowly.

NTT's SFr 300m issue, led by Union Bank of Switzerland, had a 10-year maturity and a 4¾ per cent coupon with par pricing. Terms were viewed as aggressive for the privatised company, given the market's recent resistance to coupons below 5 per cent.

Air Canada, the state-owned airline, issued SFr 200m of 15-year bonds led by Swiss Bank Corporation. Priced at par with a 5¼ per cent coupon, the bonds were bid in the grey market about 1¾ points below issue price.

Also in Switzerland, Swiss Bank led two equity-linked private placements. Atsugi Nylon, an underwear and hoisery manufacturer, made a SFr 180m five-year convertible issue with an indicated coupon of ⅝ per cent. It was quoted ¾ point below the par issue price. Inabata, a pharmaceuticals concern, issued SSFr 60m of five-year convertible bonds with a ⅝ per cent coupon.

In dollars, Morgan Stanley met quite a strong response, especially from Japan, for a $300m convertible issue for Texas Instruments, rapidly upped from $250m. The 15-year bond — puttable after seven years at par — has a low coupon and low conversion premium in order to encourage early conversion. The coupon was indicated at 2½ to 2¾ per cent, and the conversion premium at 6 to 8 per cent. It was quoted at 101.

INTERNATIONAL BONDS

In the straight sector, Merrill Lynch's $200m two-year issue also met demand. Led by Merrill Lynch Capital Markets, the issue had an 8⅝ per cent coupon and price of 101 to give a net 72 basis point margin over US Treasuries at launch. Interest in it was sharpened by the approach of a Treasury auction of two-year notes last night.

Three more bonds with equity warrants were launched into the dollar equity-linked sector, even though syndicate managers reported that investors were becoming more selective after a steady flow of issues. It is now quite common for such deals to trade initially below par and at discounts around their fees.

Nomura International led a $200m seven-year issue—a longer maturity than for other recent deals—for Kinki Nippon Railway, a private railway operator. The issue carries an indicated 4¼ per cent coupon by comparison with the 3¾ per cent currently standard for five-year issues.

Hanwa, a trading concern, made a $120m issue on standard five-year terms, led by Daiwa Europe, and Toho; a food wholesaler, made a $20m issue on the same terms, led by New Japan Securities Europe.

Elsewhere, Citicorp Investment Bank led a A$60m three-year deal for Credit Lyonnaise, priced at 101.4 with a 13¼ per cent coupon. Bank of Montreal issued C$70m of three-year 10¼ per cent bonds priced at 101¼ by Bank of Montreal Capital Markets. City of Vienna made an Ecu 53m seven-year issue priced at 101½ with an 8¼ per cent coupon, led by Yamaichi International.

In Switzerland, Deutsche Bank's SFr 200m equity-linked issue ended its first day's business at 134, 12 points above its issue price. Rhone Poulenc's SFr 100m issue with gold warrants was at 97½ against a par issue price.

Montedison's SFr 75m bonds with oil warrants finished the first day's business at 109, well below the 122 issue price. Since the issue was launched, oil prices have slipped to around $19 from above $22 and compared with the exercise price of $23.55.

Norsk Data drops share offering plans

NORSK DATA, the Norwegian mini-computer company, yesterday called off plans for a global share offering only two days after announcing its intention to go ahead with the deal, writes Stephen Fidler.

A terse statement from the company said only that the decision to withdraw had been "due to market conditions."

The offer of the company's B shares was to have been made in Norway, the US and other countries, but its size and exact timing had not been set.

Senior company officials were yesterday afternoon said to be meeting.

The company announced on Tuesday higher profits for the first half-year, but at a rate of increase which represented a dramatic slowdown from previous years.

The shares have dropped this week. In London, the group's A shares were quoted at £23 before today's announcement, £3 down on their close on Friday.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on August 26

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	[illegible]	95	0	0	9.24
All Nippon Air 9⅝ 97	150	[illegible]	[illegible]	[illegible]	[illegible]	9.84
American Brands 8⅞ 92	150	[illegible]	[illegible]	0	0	9.29
A/S Eksportfinans 7⅞ 93	100	[illegible]	[illegible]	0	[illegible]	9.32
A/S Eksportfinans 7⅞ 92	100	[illegible]	[illegible]	0	[illegible]	[illegible]
BP Capital 9⅝ 94	100	[illegible]	[illegible]	[illegible]	0	9.13
British Telecom 7⅝ 96	200	[illegible]	[illegible]	0	[illegible]	[illegible]
Campbell Soup 10⅝ 95	100	[illegible]	105	[illegible]	[illegible]	9.44
Canada 9 96	1000	[illegible]	[illegible]	[illegible]	[illegible]	9.22
Canadian Pac. 10⅝ 95	100	[illegible]	[illegible]	0	[illegible]	9.77
CCCE 7⅞ 91	125	[illegible]	[illegible]	0	[illegible]	[illegible]
CNCA 7⅞ 91	150	[illegible]	[illegible]	0	0	8.57
Citicorp 8⅝ 93	200	[illegible]	[illegible]	[illegible]	0	[illegible]
Credit Lyonnais 9 91	200	[illegible]	[illegible]	[illegible]	[illegible]	8.79
Credit National 7⅞ 92	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 7⅞ 91	150	[illegible]	[illegible]	0	[illegible]	8.62
Denmark Kingdom 7⅞ 92	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Denmark Kingdom 8⅞ 91	[illegible]	[illegible]	95	0	[illegible]	[illegible]
EEC 7 91	100	94	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7⅞ 93	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
EEC 8⅞ 96	150	[illegible]	[illegible]	0	[illegible]	[illegible]
EIB 7⅞ 93	150	95	[illegible]	[illegible]	[illegible]	[illegible]
Finland 7⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 7⅞ 93	200	[illegible]	[illegible]	[illegible]	[illegible]	9.17
Ford Motor Cred. 10⅝ 91	150	[illegible]	[illegible]	0	0	[illegible]
Ford Motor Cred. 11⅞ 90	100	[illegible]	[illegible]	0	0	8.89
Gen. Elec. Cred. 10⅝ 00	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC 8⅞ 89	200	[illegible]	[illegible]	0	[illegible]	7.95
Hoesch 8⅞ 97	100	[illegible]	96	0	[illegible]	9.27
Hoesch 7⅞ 92	100	[illegible]	[illegible]	0	[illegible]	9.15
Hoesch 7⅞ 96	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Liberty Mutual 8⅞ 96	150	[illegible]	[illegible]	[illegible]	0	[illegible]
LTCB of Japan 8 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB of Japan 8 97	200	[illegible]	90	0	[illegible]	9.70
Merck.-Benz Cred. 7⅞ 93	100	[illegible]	[illegible]	0	[illegible]	[illegible]
Merck.-Benz Cred. 8⅞ 92	100	[illegible]	[illegible]	0	0	[illegible]
Mitsubishi Fin. 7⅞ 93	100	[illegible]	[illegible]	0	[illegible]	[illegible]
Mutual America 7⅞ 92	100	94	[illegible]	0	[illegible]	[illegible]
Norway Kingdom 7⅞ 91	[illegible]	[illegible]	95	[illegible]	[illegible]	[illegible]
Pepsico Inc. 7⅞ 93	200	[illegible]	[illegible]	0	[illegible]	[illegible]
Prudential Corpn. 8⅞ 94	125	97	[illegible]	0	[illegible]	[illegible]
Qantas Airways 10⅞ 95	140	103	[illegible]	[illegible]	[illegible]	[illegible]
Queensland Govt. 10⅞ 95	100	[illegible]	105	[illegible]	[illegible]	[illegible]
Ralston Purina 11⅞ 95	150	[illegible]	[illegible]	0	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
American Brands 7⅞ 02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
American Can Co. 5⅞ 02	4/87	64.75	[illegible]	96	0	[illegible]
Ashikaga Bank 2⅞ 02	4/87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asics 5 92 DM	12/83	472	—	—	—	—
CBS Inc. 5 02	4/87	288	109	110	[illegible]	[illegible]
Chiba Bank 2⅞ 02	1/87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fuji Hvy. Inds. 3 00	8/85	[illegible]	149	[illegible]	[illegible]	[illegible]
Fujitsu 3 99	5/84	1109	[illegible]	[illegible]	[illegible]	[illegible]
Gunma Bank 2⅞ 02	4/87	[illegible]	[illegible]	[illegible]	−2	[illegible]
Minolta Camera 2⅞ 94 DM	2/86	1185	[illegible]	[illegible]	[illegible]	[illegible]
Mitsui Trust 2⅞ 01	10/86	1990	[illegible]	[illegible]	[illegible]	[illegible]
Murata 3½ 00	7/84	1998	264	[illegible]	[illegible]	[illegible]
Nippon Elec. 2⅞ 00	1/85	1295	262	[illegible]	[illegible]	[illegible]
OKI Elec Ind. 3½ 99	10/84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Omron Tateisi 2⅞ 02	4/87	1958	[illegible]	[illegible]	[illegible]	[illegible]
Redland 7⅞ 02 £	1/87	5.5	118	121	[illegible]	[illegible]
Toshiba Ceramics 3 00	4/85	1734	*152⅞	152⅞	0	[illegible]
Yokohama Bank of 2⅞ 02	10/86	1949	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Bank of Tokyo chief hits out at Moody's

By Ian Rodger in Tokyo

THE CHAIRMAN of the Bank of Tokyo has poured scorn on the decision by Moody's, the US bond rating agency, to downgrade the ratings of four Japanese banks, including BoT.

Mr Yusuke Kashiwagi said at a meeting with foreign journalists yesterday that he thought Moody's had "a wrong perception of the strength of Japanese banks—we are much stronger than they think."

Mr Kashiwagi said the strength of the Japanese banks was not only in their controversial hidden assets—arising from the entry of securities and property investments in their balance sheets at cost—but also from better performance.

"Our loan loss ratio is about one-fifth that of US banks, and our costs are lower," he said.

Moody's said in announcing its decision on Tuesday that the risk exposure of Japanese banks would increase as they tried to expand their businesses in new markets at a time when the Japanese financial system was being deregulated. As a result, it expected an increasing divergence between their ability to raise capital and their need for capital.

Bank of Tokyo's rating was lowered from AA1 to AA2. It has already been lowered because of BoT's heavy exposure to Third World debtor countries. Long Term Credit Bank of Japan's rating was lowered from AAA to AA2, Mitsubishi Trust and Banking's from AAA to AA1 and Sanwa Bank's from AAA to AA1.

Mr Kashiwagi said: "If the question is capital adequacy, then we will take action to correct the situation so that Japanese banks become stronger and stronger."

Japanese agree to BankAmerica debt deal

By Yoko Shibata in Tokyo

JAPAN'S nine major banks have agreed to accept $130m of subordinated capital notes offered by BankAmerica as part of a plan to rehabilitate the troubled US bank.

The parent of BankAmerica asked the 23 Japanese banks in June to accept $250m of subordinated capital notes issue as part of its plan for a $350m capital infusion from Japan.

Mitsui Bank, Dai-Ichi Kangyo Bank, Sanwa Bank and Industrial Bank of Japan are to accept $20m of such notes each. Bank of Tokyo and Yasuda Trust and Banking, Fuju Bank, Sumitomo Bank and Mitsubishi Bank are each to buy $10m of the notes.

The nine banks have agreed to co-operate in urging the 14 other city, trust and long-term credit banks to take up the remaining $120m portion of the notes.

One of the nine banks said yesterday that they will go ahead with the BankAmerica rehabilitation programme on the condition that they will get a consensus of the whole 23 banks.

Japan's five major life insurance companies have broadly agreed to purchase a $100m preferred stock issue as part of the financing package. Life insurance industry officials said 70 per cent of the issue has been allotted.

The BankAmerica preferred stock will yield 9.5 per cent and carry an optional right to convert into common shares.

Wolters Kluwer earnings surge

By Laura Raun in Amsterdam

WOLTERS KLUWER, the newly merged Dutch publishing group, reported that pro-forma earnings surged by 49 per cent to Fl 30m ($14.6m) in the first half of 1987 from Fl 20.2m a year earlier.

Earlier this week Elsevier reported a 35 per cent increase in earnings while VNU, the biggest Dutch publishing house, improved profits by 13 per cent.

Wolters Kluwer, which is now the second largest publishing group, said it expected after-tax profits to climb 17 per cent to Fl 90m for 1987 as a whole.

After-tax profits exclude extraordinary items but Wolters Kluwer said merger costs have been taken into account in the figures. Further valuation adjustments were unlikely to significantly affect the numbers.

Wolters Kluwer specialises in business, professional, educational and scientific publications.

The good performance in the January to June period was attributed nearly equally to both companies.

Pro-forma sales for Wolters Kluwer rose 6 per cent to Fl 759.6m in the first half from Fl 717.8m a year earlier.

Buoyant quarter boosts Electrolux

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

ELECTROLUX of Sweden, the world's leading household appliances manufacturer, increased its profits (after financial items) by 12 per cent in the first six months to SKr1.5bn ($235m) from SKr1.34bn in the corresponding period last year.

The group performed most strongly in the second quarter, when profits jumped by 17.6 per cent to SKr 880m from SKr 748m a year earlier.

Profits rose despite a sharp increase in net financial costs in the first six months to SKr 595m from SKr 243m a year earlier as a result of the interest costs arising from several major acquisitions.

Electrolux said that the trend in sales volumes was good in most of its major operating areas, but that the group was meeting "continued sharp price competition."

Group turnover jumped by 41 per cent to SKr 33.219bn from SKr 23.566bn in the first half of 1986 following major acquisitions including White Consolidated and Poulan/Weed Eater in the US, Zanussi in Italy and Gotthard Nilsson in Sweden.

The white goods and food-service equipment divisions acquired from Thorn EMI in the UK have been consolidated with effect from April 1.

Electrolux said that it is still in negotiations with the regional authorities in Catalonia, Spain for the takeover of the loss-making Spanish white goods companies, Corbero and Domar, with annual sales of SKr 1bn from production chiefly of washing machines and cookers.

The group said that both earnings and profitability had been boosted by gains from the restructuring programmes that are underway at Zanussi and White.

Electrolux sales of household appliances jumped to SKr20.147bn in the first six months from SKr14.039bn a year earlier, mainly as a result of the Zanussi and White takeovers. The sector accounted for 60.6 per cent of group turnover.

The concern said that demand was good in both the European and US markets for white goods and that it had increased its market shares.

Earnings from vacuum cleaner sales declined, chiefly as a result of the lower US dollar exchange rate, but profitability continued to be "very good."

Electrolux reported higher profits from its commercial appliances operations as well as from laundry services, chainsaws, garden products, car safety belts (Electrolux Autoliv) and Granges Aluminium.

Nobel Industries in Danish bid

BY SARA WEBB IN STOCKHOLM AND HILARY BARNES IN COPENHAGEN

NOBEL INDUSTRIES, the Swedish chemicals and armaments group, is bidding for Sadolin & Holmblad, Denmark's leading paint and lacquer company, in a deal worth DKr 626m ($90m).

The takeover bid is intended to help build up Nobel Industries' presence in the Nordic paints and adhesives market. Mr Ove Mattsson, managing director of Casco Nobel (Nobel Industries' adhesives and paints subsidiary), said the acquisition would make Nobel the market leader in the Nordic region and is a necessary step in building up its presence in Europe.

Nobel Industries has already acquired 18 per cent of the equity and between 22-25 per cent of the voting rights in Sadolin & Holmblad from the Danish Hafnia Bank and has an agreement with Norsk Hydro, Norway's largest publicly quoted company, to acquire a further 10 per cent stake.

The outstanding shares are mainly owned by Danish state pension funds and institutions. Nobel Industries has offered DKr 745 for the A shares and DKr 345 for the B shares which have one-fifth of the voting rights.

Sadolin & Holmblad had net sales of DKr 2.08bn last year and showed a pre-tax profit of DKr 30.7m, compared with DKr 75.9m the previous year. The company performed well in 1983-85, but last year's results were hit by exchange rate movements and the weak dollar.

Mr Nils Foss, chairman of Sadolin and Holmblad, said that he would have preferred "a Danish solution" and had discussed some form of deal with Dyrup, its Danish rival which is a subsidiary of the Monberg and Thorsen civil engineering group.

Mr Anders Carlberg, Nobel Industries' managing director, said it was important for the group to strengthen its base in order to take on the biggest companies in Europe, such as ICI and BASF. Nobel recently raised SKr 520m ($81m) through a share issue and had previously announced that it was keen to build up its chemicals and consumer products business.

Bank rejects offer for Fermenta

BY OUR NORDIC CORRESPONDENT IN STOCKHOLM

TRANS-RESOURCES' planned SKr 1.38bn take-over of Fermenta, the embattled Swedish antibiotics and chemicals group, was placed in doubt yesterday, when the terms of the proposed bid were turned down by Nordbanken, the Swedish bank which is a big major shareholder in the group.

Trans-Resources, a privately-owned US holding company, has not yet made a formal bid for Fermenta, but in early July it announced that it had reached an agreement in principle with Industrivarden, the Swedish investment company and the main Fermenta shareholder, to acquire its 40 per cent voting.

A formal offer to remaining shareholders was planned to be made by the end of September, but this was conditional on the acquisition being approved by Fermenta's main banks.

The banks were given a right of veto on any change of the main shareholder, when they helped rescue the group from the brink of financial collapse earlier this year.

Mr Gunnar Lundh, deputy managing director of Nordbanken, said yesterday that the terms of the planned Trans-Resources bid of SKr 6.75 per B share and SKr 12 per A share was unacceptable.

"We feel that the difference between the price of the A and B shares is too big," he said. "As long as that relationship stands we don't feel that it is worth going into detailed negotiations."

Trans-Resources officials, including Mr Arie Genger, the chief executive, are in Stockholm this week for discussions with Fermenta's main shareholders and banks, but Mr Lundh said that no meeting had yet been arranged with Nordbanken.

Restructuring for French meat group

By George Graham in Paris

OLIDA-CABY, the leading French charcuterie group, has launched a financial restructing plan after losses in 1986 which almost wiped out its capital base.

The group will first write down its capital by half and then raise FFr 198m ($32.5m) of new funds by a two-for-three equity issue. This will be followed by a FFr 250m issue of bonds with attached warrents.

Mr Jean-Louis Riallin, Olida's new chairman, said the company, which had a deficit of FFr 115m in 1986, had reduced losses in the first half of this year by comparison with the same period of 1986.

He said the group's operating subsidiaries, excluding the parent company itself, would break even at a current earnings level this year, and forecast a consolidated group loss of between FFr 35m and FFr 40m.

The group, which now has two new major shareholders controlling between them 26 per cent of it capital, has cut its workforce and begun to invest in new plant. It has also revised its product range, both in its main ham and sausage division and through diversification into frozen fod and luxury goods like smoked salmon and foie gras.

The restructuring will reduce the nominal value of Olida-Caby shares by half to FFr 70. A further 1.1m shares will then be issued at FFr 180 each, a discount of 10 per cent to the current share price.

INTL. COMPANIES and FINANCE

Recovery in demand boosts Utico

By Jim Jones in Johannesburg

CONTINUATION of the recovery in mass consumer demand helped Utico, the South African subsidiary of BAT Industries, to post sales volume increases in the first half of this year. The directors say that sales of tobacco products, snack foods and fruit juices all rose but they are cautious on immediate trading prospects.

First-half turnover increased to R124.4m (US$60.5m) from R101.4m in the same period of 1986, interim operating profits before tax and interest were R11.2m against R8.1m and pre-tax profits rose to R10.5m from R6.1m. Turnover for all of 1986 was R224.0m, operating profits were R19.0m and pre-tax profits R15.6m.

The directors do not expect the first half's trading growth rate to be sustained in the second half of the year and say that the second half's results could also be affected by a predicted economic slowdown.

First-half earnings rose to 87.1 cents a share from 51.9 cents and the interim dividend has been raised to 25 cents share from 12 cents.

Cathay Pacific earnings jump 65% to HK$829m

BY DAVID DODWELL IN HONG KONG

CATHAY PACIFIC AIRWAYS, the Hong Kong-based airline controlled by Britain's Swire Group, yesterday reported attributable profits for the six months to June 30 of HK$828.8m (US$106m)—a 65 per cent improvement on first half profits last year of HK$503.5m.

The increase, which far surpassed even the most ambitious market forecasts, was put down to lower fuel costs, exchange rate gains, and more intensive use of its fleet of 13 Boeing 747s and 10 Lockheed TriStars. Cathay shares leapt by 35 cents on the news to end the day at HK$7.55.

According to Mr Michael Miles, Cathay's chairman, almost 2.4m passengers were carried, a 24 per cent increase on the first half of 1986, with passenger revenues up by almost 30 per cent, and the average load factor rising by more than 4 per cent to 70.6 per cent. The airline carried cargo amounting to 1.78bn tonne-kilometres, up 19.4 per cent from 1986. Cargo earnings grew by 18 per cent.

Operating costs fell, both because the airline operated more long-haul services, and because fuel costs fell by almost a quarter — from an average of HK$5.59 per US gallon in 1986 to HK$4.27 per gallon in the first half of this year.

The profit improvement came in spite of a HK$212m reversal on financing charges. Earnings in the first half of last year from the investment of funds (a large proportion raised through the public flotation of 15 per cent of the company's shares in April last year), generated net finance income of HK$40.6m. In the the first half of this year, however, this was reversed, with the company paying net charges of HK$172m. Mr Miles said only that this fall was due to lower income from funds with investment managers.

Mr Miles yesterday predicted "another good result" for the full year. Earnings in 1986 were HK$1.23bn, 59 per cent up on 1985. He said fuel costs were expected to rise, but forecast continuing foreign exchange gains and steady growth in passenger and cargo volumes.

The Cathay board declared an interim dividend of 7.5 cents per share, compared with 6 cents at the interim stage last year.

Industrialist buys Bet Shemesh

BY ANDREW WHITLEY IN TEL AVIV

A LEADING Israeli industrialist is to take control of Bet Shemesh Engines, the heavily indebted Israeli aero-engine manufacturer in which Pratt and Whitney of the US has a 42 per cent minority interest.

A ministerial committee headed by Mr Shimon Peres, the Foreign Minister, yesterday approved the sale of the Government's 58 per cent holding to Mr Stef Wertheimer, owner of Iscar, a successful exporter of precision tools and aero-engine components.

Under the terms of an outline agreement expected to be ratified by the Cabinet on Sunday, the Government is to take over responsibility for Bet Shemesh Engines' accumulated debt of almost $100m. Most of the debt, spread among Israel's major commercial banks, is likely to be written off.

No payment is to be made for the Government's shares. But Mr Wertheimer has agreed to provide a fresh cash injection of an undisclosed sum into the plant—probably for new equipment.

Yesterday, he forecast that the company would be back in the black within two years. In the first seven months of 1987 an operating loss of $10m was incurred.

A key aspect of the deal was the Defence Ministry's guarantee of a minimum $20m in orders for the troubled plant over the next three years. Less than Mr Wertheimer would have liked, this commitment alone is thought unlikely to be able to keep the plant operating in its present form.

Cancellation of the Israeli-designed Lavi combat aircraft, as is currently being threatened, would be a serious blow. Bet Shemesh has a contract to manufacture parts for the Pratt and Whitney PW1120 turbo-fan engine, chosen to power the Lavi, and had hoped eventually to build the entire engine.

Yesterday Mr David Amichai, acting managing director of Bet Shemesh Engines, said a go-ahead for the PW1120 would depend on the fate of the Lavi.

Mr Wertheimer, widely regarded as one of the country's most visionary businessmen, has in turn promised to keep lay-offs among the company's 630-strong workforce down to a maximum of 180.

As the only plant in Israel capable of building complete aero-engines, Bet Shemesh is an important component of Israel's military industrial complex.

Soltam workers win concession

BY JUDITH MALTZ IN TEL AVIV

A TWO-DAY workers sit-in this week at Soltam, the leading Israeli arms and ammunition factory, which is in serious financial difficulties, has produced a management concession to keep the plant open temporarily on a limited basis.

With no firm export contracts and an unsold inventory of over US$80m, Soltam's management last month put its entire 1,000-strong workforce on compulsory paid leave for six weeks while searching for a solution to the company's problems.

The announcement this week that only 300 workers would be allowed to return to their jobs precipitated the factory occupation, in which the top management of Soltam's parent, Koor, Israel's largest industrial group, were held hostage for 38 hours.

Among them were Mr Yeshayahu Gavish, Koor's managing director. Members of the workers' committee locked the gates of the plant and began burning tyres. But tempers cooled after the management refrained from calling in the police to break the rare sit-in and agreed to extend the entire workforce's employment until next January.

For the moment, Koor has agreed to keep the plant open and increase the number of workers manning it by 50. But it was decided that production will be limited to civilian goods, in accordance with a recommendation from the Trade and Industry Ministry. The remaining 700 employees will be given the option of early retirement, paid vacation, or job retraining.

Once a leading manufacturer of field artillery and ordnance, Soltam was forced to look for overseas markets following cutbacks in orders from the Israeli Defence Ministry after the end of the Lebanon War in 1982. The stagnation of exports in recent months has been attributed to the fact that Soltam's prices are no longer competitive with those of manufacturers in other countries.

Placer Development Limited

Dome Mines Limited

and

Campbell Red Lake Mines Limited

have amalgamated to form

PLACER DOME INC.

Placer Dome Inc. is the largest gold producer outside South Africa and the Soviet Union, with expected near-term gold production in excess of 1,000,000 ounces per year and initial market capitalization in excess of $5.7 billion.

The undersigned initiated this transaction and acted as financial advisor and proxy solicitation manager to each of Placer Development Limited, Dome Mines Limited and Campbell Red Lake Mines Limited.

DS Dominion Securities Inc.

August 1987

UK COMPANY NEWS

NEI up 34% to £14.2m halfway

BY CLAY HARRIS

Northern Engineering Industries increased interim pre-tax profits by 34 per cent to £14.2m and achieved a 13 per cent rise in new orders from continuing businesses, providing two signals that its radical retrenchment is beginning to pay off. Its shares added 5½p to 125p.

Mr Terry Harrison, chairman of the Newcastle-based heavy engineering group, said yesterday that he was encouraged by the improvement, especially by NEI's success in winning high-technology contracts.

The restructing programme would be complete before the end of the year, and Mr Harrison confirmed that no additional extraordinary provisions would be necessary after the debits of £69.3m which offset attributable profits of £9.4m in 1986.

"We are already seeing the benefits of the elimination of loss-making activities," he said. "Together with the strengthening of our core businesses, this is creating a sound base for future profitable growth."

The advance in profits from £10.6m in the first six months of 1986 came on turnover reduced by divestment from £465.6m to £385.3m. This improved NEI's pre-tax margin from 2.3 per cent to 3.7 per cent.

More than three-quarters of the turnover was generated in the UK, with £112m attributable to direct exports. Sales are expected to reach £750m

Earnings per share advanced to 2.74p (2.11p). For the fifth consecutive year, the interim dividend is 1.65p.

New orders of £373m raised the outstanding total to £760m, about one year's output. Of the order intake, £275m came to UK companies, of which £88m was for direct export.

The inflow had improved NEI's ability to fill the gap before the expected receipt of new orders for UK power stations.

The in-house technology that had been developed to win contracts for a £40m switchgear order for Saudi Arabia and mobile bridging for Britain's Ministry of Defence would increase the group's edge in competing for main-line power generation orders for two 900 MW coal-fired plants at Fawley near Southampton and West Burton in the Midlands.

Although design contracts for West Burton could be ordered as early as next July, manufacturing would not begin until late 1989, with Fawley following about six months behind.

In the field of pollution control, NEI had installed and tested low nitrogen oxide burners in the UK and US.

See Lex

Terry Harrison: sound base for future growth

AGB £24m convertible issue to cut gearing

BY DAVID WALLER

AGB Research, the UK's largest market research company, is to raise £23.7m net by a placing of convertible preference shares.

Proceeds from the placing of the new 6.2 per cent shares will be used to cut gearing to single figures. Hitherto, AGB's borrowings stood at more than twice shareholder's funds.

Mr Peter Tyrer, finance director, said this would remove a major constraint on the group's development. With a strong capital base, it would be able to widen internationally its range of continuous consumer and retail measurement services.

Although the shares have been conditionally placed by Morgan Grenfell, existing shareholders will be entitled to all of them on the basis of four convertibles for every seven ordinary shares.

Details of the placing were revealed yesterday at the same time as 29 per cent increase in pre-tax profits for the year to April 30, in line with City expectations. Reflecting a lower tax charge, earnings per share rose by 85 per cent.

Last year's disposals of loss-making businesses helped UK profits rise from £3.6m to £7.6m. Profits in the US declined from £5.8m to £4.1m, and in Australasia and the Far East, contribution fell slightly from £2.5m to £2.3m.

After central costs of £3.1m (£2.9m), and interest of £3.1m (£2.4m), overall taxable profits were £10.1m (£7.8m), achieved on turnover up 9.4 per cent to £120.7m. The tax charge was £4.2m, or 42 per cent of pre-tax profits, compared to the 60 per cent last year.

The dividend for the year is raised by 11.1 per cent, to 7.5p. The final is 4.75p.

● comment

AGB's convertible issue is a fine thing itself: the 6.2 per cent dividend is clearly less than the interest on an unwieldy mountain of bank debt. Moreover, it signals the beginning of the end of a turbulent era in the company's recent history, and the balance sheet will no longer be an embarrassment. This is perhaps why AGB's shares moved up 7p yesterday to 246p, despite the placing and less than scintillating results. At this level, they are on a full prospective multiple of 16½, if AGB achieves £13.9m in the current year. For the shares to achieve a better rating, investors will want to see that the £44m sunk into the US "people meter" project has been money well spent, despite the threat from arch-rival Nielsen, which has just introduced a similar electronic method of measuring TV audiences. AGB predict "significant" profits from this source, but only in 1990-91.

Shares in Fletcher Dennys halted at 76p

By Philip Coggan

SHARES in Fletcher Dennys Systems, the USM-quoted microcomputer systems dealer, were suspended yesterday. The loss-making group said that it would announce before the end of the week details of a rights issue and a capital subscription by a consortium.

Yesterday, the markets were speculating that a group of investors was about to inject capital via a reverse takeover

Fletcher Dennys joined the USM in July 1986 on the back of pre-tax profits of £403,000 and when it announced its interim results in December, the directors were confident that the year's profits would show considerable growth. But a slump in local authority sales led to the group in May forecasting a loss of £500,000 for the year and when the actual results were announced last month, the figures were even worse. The pre-tax loss for the year to March was £900,000 on turnover of £7.89m.

The company also announced last month that it was in talks which might lead to a "very substantial" acquisition but the shares have drifted down since then leaving them on suspension at 76p, compared with the flotation price of 70p.

Goodhead rights as profits jump

A RIGHTS issue to raise £5.4m, an acquisition and a 62 per cent increase from £1.21m to £1.96m in pre-tax profits for the year to May 31 last were announced yesterday by Goodhead Print Group, contract printer, free newspaper publisher and paper merchant.

The acquisition is of Company Publicity for an initial consideration of £1.75m — £1.05m in cash and the balance in consideration shares. Further consideration, to a maximum of £10.25m, to be satisfied through the issue of Goodhead shares and/or cash at Goodhead's option, will be payable in three tranches in accordance with a formula linked to audited pre-tax profits during the financial years ending May 31 1988, 1989 and 1990.

The acquisition of Company Publicity is regarded by the board as an opportunity to further implement its established strategy of developing a group offering a total service, from creative design to distribution of the printed message.

The rights issue, will fund the initial cash element of the bid and the deferred consideration to the vendors of WHY Publications and the Review Group of companies amounting to £0.5m. Those acquisitions were announced in October and January respectively. The issue is also to reduce borrowings incurred primarily on capital expenditure and acquisitions.

The rights basis is one new share at 190p for every four ordinary shares and one new ordinary for every 5.6 preference shares held on August 12.

The directors said that strong performances by the printing division and an increased contribution from both the publishing and paper divisions increased turnover by 45 per cent to £35m (£24.1m) last year.

After tax of £528,000 (£264,000) attributable profits emerged at £1.43m (£942,000) leaving stated earnings per share of 13.8p (10.2p) per share non-diluted and 12.9p (n/a) fully diluted for the 3.75p total dividend, a 25 per cent increase on the payment for 1985-86. The final dividend is 2.5p.

● comment

To be a one-stop-shop has been Goodhead's aim since it joined the USM two years ago and yesterday's acquisition of Company Publicity takes it that much further down this road. In addition, it could help gloss-up the image of this painter of Glaxonews and publisher of 30 free newspapers. Two rights issues in a year might strike some as excessive and certainly chairman Colin Rosser does not envisage repeating the exercise for a year or so. However, this will not in any way impinge on his acquisitiveness, which will continue as before. The non contract printing side of the business (mainly newspapers) now provides 25 per cent of profits and should grow to plus 35 per cent. Promotional inserts are a growth area and the newspapers' 1.1m copies a week provide entry to a lot of households. Despite a fairly heavy rights issue, the shares held up well yesterday, closing at 220p, down 5p. Assuming pre-tax profits of £3.2m this year, that puts them on a prospective p/e of nearly 14.

Prudential Property

Prudential Property Services—a wholly-owned subsidiary of the Prudential Corporation and the UK's largest estate agent—has established a foothold in the West Midlands with the acquisition of Haynes Spires, a Birmingham-based firm with 15 offices.

The acquisition, for an undisclosed sum, brings the total of offices operated by PPS to 560, all purchased within the last 18 months.

Last year, Haynes handled 2,500 residential sales worth a total of £90m.

Olives Paper receives new Melton Medes offer

By Steven Butler

THE ANTE for Olives Paper Mill yesterday rose by £1.26m to £5m as Olives' major dissident shareholder, Melton Medes, issued a new capital injection proposal that would lead to an effective takeover of the company.

The proposal is now being made jointly with Mr Nathu Puri, the Melton Medes chairman, and involves a subscription to 5m new ordinary Olives shares at 100p each. Mr Puri would become chairman of Olives Paper.

This compares with a proposal by Mr Michael Kent, recently recommended by the Olives board, involving the issue to Mr Kent of 4.4m shares at 85p each, which would leave Mr Kent holding 57.7 per cent of Olives' share capital.

The Kent proposal was sent to shareholders yesterday and will be voted on in an extraordinary general meeting on September 11.

The Melton Medes proposal, which is conditional on a cancellation of the Kent proposal, would leave Mr Puri and his company controlling 68 per cent of Olives prior to a clawback provision for shareholders. Melton Medes currently owns 17 per cent of Olives.

In the event of all shareholders taking up the three-for-five clawback provision at 100p per share, the Melton Medes stake would reach nearly 50 per cent, although if the holding were combined with other shares held by Melton Medes' pension fund, a majority would be held.

The Melton Medes proposal was received late on Tuesday by the Olives board. If it recommends the proposal, a general offer for Olives shares would normally be required unless the "whitewash" route is adopted.

This would allow the proposal to be put to a vote by shareholders, with Melton Medes and any concert parties barred from voting on the proposal.

However, S & C Pacific Trust, which holds a 12 per cent stake in Olives, and ITC Pension Trust (6.3 per cent) have indicated intentions to support the Kent proposal and are believed to oppose any proposals that would leave Melton Medes in control of Olives.

The offer document posted to shareholders indicated that Olives' cash position had become difficult, and that banks had requested it to reduce current overdrafts.

Olives shares yesterday rose 5p to close at 190p.

BOARD MEETINGS

TODAY

Interims: AMEC, Alida, Anglo American Industrial, Charles Barker, Barr and Wallace Arnold Trust, Bullers, Edinburgh Oil and Gas, James Fisher, Ladbroke, Lec Refrigeration, Marley, Pacific Assets Trust.

Finals: James Dickie (Drop Forgings), Jos Holdings, News International, Press Tools, Trent Holdings.

Glynwed meets annual earnings growth target

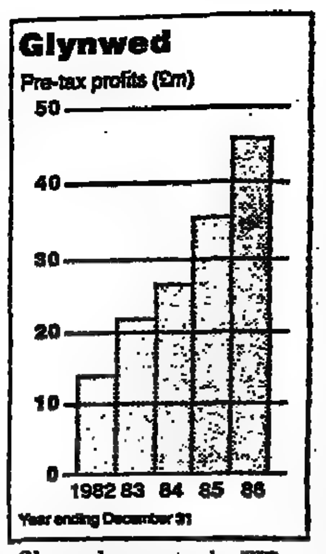
BY PHILIP COGGAN

Glynwed International, the fast-growing Midlands industrial group, yesterday announced a 24.7 per cent interim earnings per share increase, allowing it to more than match its long-term commitment to 20 per cent per annum earnings per share growth.

During the first half, the group was reorganised into three divisions — consumer and building products, tubes and fittings and steel and engineering. Mr Gareth Davies, the group's chairman and chief executive, said that all three showed strongly improved profitability ad cash flow, with the help of favourable exchange rate movements.

Mr Davies said the company was looking for improved profits in the second half. He is optimistic about the state of the UK economy, saying he saw no signs of overheating but a steady improvement in demand.

Operating profits for the 26 weeks to June 27 were £26.3m on turnover of £260m, compared with £20.6m on turnover of £237m. After interest payable of £700,000 (£1.3m), pre-tax profits were 32.6 per cent higher at £25.6m (£19.3m). The interim dividend is being set at 4.32p (3.6p).



Glynwed acquired FIP, a plastic valve manufacturer and distributor, and Hub & Gillespie (Holdings), a welded steel tube manufacturer and distributor, before the end of the half but no profits are included for these companies. The group has also recently made the agreed purchase of Plastics Constructions, a fully-listed plastics distribution group.

● comment

Glynwed represents a reasonably representative cross-section of corporate Britain, albeit with a bias towards consumer and building products, and on that basis, the economy still looks buoyant, with even the group's engineering and steels division ahead. But even if there is a downturn, Glynwed's excellent management record indicates that the group might do better than most. Mr Davies may yet find his 20 per cent target for eps growth proves to be a millstone round his neck—on the current rating of 15, assuming pre-tax profits of £60m this year, he can hardly afford to make a major acquisition, since at current market prices, that would inevitably dilute earnings. However, Glynwed is still able to pick up bolt-on acquisitions like Brickhouse Dudley, where it has virtually doubled profits within a year, and analysts believe the group will hit its 20 per cent eps target next year as well. Perhaps the market, which churlishly marked down the shares 3p on these better-than-expected figures, will eventually grant Glynwed the re-rating it craves.

Steel Burrill Jones slips 12%

BY NICK BUNKER

Steel Burrill Jones, the small specialist Lloyd's insurance broker, saw its pre-tax profits fall 12 per cent to £2.25m in the six months to June 30 because of factors including a weakened US dollar and falling premium rates in the marine reinsurance market.

It said it was assuming that there would be a decline in overall profit for the full year, unless there was a worthwhile improve market activity. The shares closed at 273p, down 16p.

Brokerage income—of which about three-quarters is denominated in US dollars—grew 7 per cent from £4.32m to £4.65m. But expenses were up 26 per cent at £3.5m because of investment in new staff, extra premises costs and increased professional indemnity premiums.

SBJ's earnings per share fell from 8.8p to 8p, but the board said that in view of a strong cash position and the underlying firmness of its business it was increasing the interim dividend from 2.4p to 2.7p.

Operating income besides brokerage grew from £973,000 to £1.02m, with profits from associated companies up from £22,000 to £83,000. After-tax profits were £2.248m (£2.525m), with profits attributable to shareholders down from £1.56m to £1.42m.

SBJ said that the fall in value of the US dollar meant that it had "to earn more dollars this year merely to stand still."

It also pointed to down-turn in the underwriting cycle in London market marine reinsurance, which accounts for more than 75 per cent of the group's business.

"The marine reinsurance market is somewhat in the doldrums, and with rates easing and premium volume insufficient to fill today's capacity, insurers are retaining a larger proportion of their written income than previously," SBJ said.

It said that in view of these factors, plus downward pressure on brokerage rates for London market excess-of-loss (LMX) business, the 8 per cent turnover increase was "satisfactory."

● comment

Viewed uncharitably, SBJ is a narrowly-focussed niche broker which in 1983-86—years of steep growth in turnover — failed to diversify out of its high-margin but thoroughly cyclical core business. Now, over-capacity among Lloyd's marine underwriters has brought a down-turn in the reinsurance cycle 12 months earlier than many brokers were expecting. Yet after flat or falling profits this year, SBJ can expect a fresh advance in 1988 given that its 26 per cent expenses growth need not be repeated. While the cost of its errors and omissions insurance — the scourge of the Lloyd's broker—have probably doubled since 1986, after a similar rise a year before, there are signs that e&o premium increases are easing off. And SBJ's relatively new non-marine insurance and life and pensions broking arms should both be feeding through into the bottom line next year. The problem is that on a reasonable projection of £4.9m for the current year SBJ is on a prospective p/e of 15: a rating still a little too high for comfort.

DIVIDENDS ANNOUNCED

	Current	Date of	Corresponding	Total for	Total last
AGB Research	†4.75	Oct 26	4	7.5	6.75
TF & JH Braime ...int	1.5	Oct 5	1.5	—	4.5
Church ....int	3	—	2.5	—	9.5
Glynwed ....int	4.32	Dec 16	3.6	—	10.1
Goodhead Print	‡2.5	Oct 28	2	3.75	3
Murray Income Trst ...	4.2	—	3.6	6.2	5.4
Murray Inc Tst ......int	‖2.5	—	2	—	6.2
NEI ....int	1.65	—	1.65	—	5.25
Palma Group ......int	1	Jan 1	0.83	—	2.5
Pearl Group ....int	5	—	3.5	—	10.5
Weir Group ....int	†1.25	Nov 18	1	—	3.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. ‖ On account of current year.

UK COMPANY NEWS

Weir rises to £6.3m and has strong cash position

THE Weir Group, Glasgow-based engineer, revealed to the City yesterday that its profits for the 26 weeks to July 3 had risen from £4.16m to £6.31m pre-tax, an improvement of 52 per cent.

However, the figures benefited from savings of £970,000 on pension scheme contributions and after stripping this out the profits rise was nearer 30 per cent.

The results also gained from interest income this time of £917,000 compared with previous charges of £665,000. On the downside the associates' contribution fell from £1.22m to £524,000.

Tax of £1.58m (£1.31m) and minorities last time of £86,000 left the available balance £1.8m ahead at £4.73m.

Earnings emerged at 8.4p (4.8p) per 25 share and the interim dividend is being stepped up by 0.25p to 1p net on the capital enlarged by last April's £18.9m rights issue. At that time the directors intended to at least maintain this year's total dividend of 3.5p on the bigger capital.

They pointed out yesterday that the group's cash position had remained strong even after the recent £11.5m purchase of Mather and Platt machinery and that other opportunities for expansion were being examined.

Orders booked for power plant, together with prospects in the power generation field generally and the acquisition of Mather and Platt machinery, had combined to strengthen the long term prospects of the group's core activities in the pump industry.

The purchase of Curtis Hoover was already showing through in Peacock's results in Canada and prospects for tooling products were described as encouraging. Business conditions in the desalination field, however, remain uncertain.

Half year turnover declined from £75.03m to £60.09m.

The rights issue was launched to enable Weir to redeem its outstanding £10m of 10 per cent preference shares.

● comment

Can it be that the Weir Group, rescued from the brink of insolvency six years ago, has turned into a growth stock? With a 50 per cent jump in pre-tax profits at the interim it would appear so, even discounting the pension holiday and an unrepeatably strong first half in pump sales. Weir's market rating has risen steadily throughout the year, and now stands on a prospective p/e of 14, based on pre-tax profits forecasts of £13.5m for the year. This has brought it up more or less on par with the rest of the engineering sector. But if you look at the strong order book and the nearly guaranteed future orders from the power plant programme or a revival in North Sea oil drilling, Weir's growth prospects would appear considerably better than average.

Marling buys Spanish partner

BY STEVEN BUTLER

Marling Industries, industrial textile manufacturer, is buying a 92 per cent interest in its Spanish joint venture partner, Industrias Murtra, in a £7.28m (Pta 1.45bn) deal announced yesterday.

Mr Peter Held, Marling managing director, said the acquisition would help improve competitiveness by giving Marling a large in-house supplier of polypropylene yarns. Murta's range of narrow fabric products, including tapes and straps, would be complementary to Marling's, adding product range.

Mr Held said the two companies had little overlap in customer base or the geographic spread of markets and that would raise the possibility of increased sales outside the EC.

In early 1986 Marling and Mutra established a joint venture company, Iberica de Slings, which manufactures slings and intermediate bulk containers, and distributes seat belt webbing.

"It (the joint venture) worked so well it seemed natural to examine getting together in a deeper way," Mr Held said.

Marling will issue 4.28m new ordinary shares in connection with the acquisition via a vendor placing at 170p each, plus 316,445 additional shares aimed at raising £530,000 in order to cover the costs of the deal. The shares are being placed conditional to an open offer to shareholders, who may apply for one new share for each five existing shares.

Marling shares closed up 1p yesterday at 187p.

In the year to the end of June 1987 Mutra's pre-tax profits came to £1.1m after adding back exceptional items of £431,000.

IN BRIEF

SAC INTERNATIONAL (design engineering) has purchased Polygraphic for £1.84m to be satisfied by the issue of 101,678 new ordinary 10p shares and £1.44m cash.

ROBERTSON RESEARCH is to acquire for $2.6m (£1.6m), an interest in certain freehold mineral rights covering some 7,580 acres in Butte, Silver Bow County, Montana, US.

BENNETT AND FOUNTAIN GROUP (electrical wholesaler and retailer) has acquired west country based electrical wholesaler, Raank Technical Service Supplies for an initial consideration of £200,000 cash and the issue of 424,532 10p ordinary shares. Pursuant to unsecured loan notes issued by B and F on completion further B and F shares up to a maximum aggregate value of £350,000 may be issued to the vendors dependent on profit performance of Raank for each of the two years ending June 30 1989.

TEX HOLDINGS: At the close of the offer of 1,039,781 new ordinary shares at 170p on August 21 1987, valid applications had been received in respect of 288,996 shares (27.79 per cent).

TYZACK TURNER GROUP: Offer for United Packaging accepted in respect of 3,941,491 United Packaging ordinary (93 per cent) and acceptances of the cash alternative have been received in respect of 3,744,605 shares (88.3 per cent of the issued ordinary).

PERICOM has acquired the maintenance business of Data Type from the receiver for a consideration of £235,000 cash. It has been dovetailed into the company's existing computer maintenance subsidiary and is expected to make useful contribution to group results in the year to end September 1988.

GOLD AND BASE Metal Mines — In first half of 1987 profit before tax £31,212 (£7,969), including dividends and interest £42,601 (£33,843), and dealing profits £11,946 (nil). Net assets in UK equal to 18p (11.9p) per share. Earnings 0.32p (0.07p) and year's figure expected to be sufficient to recommend at least 0.4p net dividend forecast with rights issue.

COOKSON GROUP has acquired for cash Metal Castings (Worcester). The transaction is not significant relative to the net assets of Cookson.

Hanson Trust

The extraordinary general meeting of Hanson Trust shareholders to approve the acquisition of Kidde is to be held on September 25, not September 29 as reported yesterday.

Turner & Newall

Turner and Newall, the engineering group, is to sell Auto-Products, its automotive components distributor in Sweden, to Hexatrade, the forestry products and building products company, for £3.96m, approximately its book value.

Independent Investment to change policy

By Nikki Tait

The Independent Investment Company, the Ivory & Sime-managed investment trust specialising in the technology sector, is to change its investment policy. In future, it will concentrate on venture capital situations in the UK and North America.

The revised policy will be implemented by a new management company formed jointly by Ivory & Sime and the Californian venture capital specialists, Hambrecht & Quist. The board is also changing: two directors are resigning and four are being appointed, among them Mr Martin Sorrell, chief executive of the advertising and marketing services group, WPP, Mr Gerald Tsai, chairman of Primerica Corporation (formerly American Can), and Mr Q. Wiles, vice-chairman of Hambrecht & Quist.

Yesterday, Ivory stressed that the change will be gradual—within three years it might expect to have half its investments in venture capital situations—and subject to shareholders' approval. The fund is currently valued at around £90m, with net asset value around 318p. The company was a good performer in the early 1980s, but has struggled with the downturn in technology stocks generally. Yesterday the shares added 10p to 257p.

In addition to the policy change, a warrant issue to shareholders is proposed, coupled with a three-for-one share split. The warrants allow holders to subscribe for one share up to June 1997 at 79p—roughly equivalent to net asset value (adjusted for the split). H & Q will get 11.2m "A" warrants, where the subscription price is doubled and which are exercisable between 1992 and 1997—a management incentive, argues Ivory.

The change in policy has repercussions for a second Ivory fund, the £200m Atlantic Assets trust, which holds 60 per cent of Independent. It, too, plans a one-for-one capitalisation issue, and a warrant issue.

Pearl at top end of expectations

BY NICK BUNKER

Pearl Group, life and general insurer, has delivered pre-tax profits of £22m for the first half of 1987, coming in at the top end of analysts' expectations which had ranged from £20m to £22m.

The shares lost 17p to close at 366p after an early surge to 387p. The late fall was seen by stockbrokers as a combination of profit-taking plus anxiety over the impact on life companies of a delay announced yesterday in implementation of the Government's new personal *pensions legislation*.

Pearl's interim figures also represent only an estimate of actual results, because as a life assurance-biassed company it can only declare a precise figure after the annual actuarial valuation of its liabilities.

The group declared an unexpectedly high 43 per cent increase in the interim dividend, which rose to 5p. Pearl said the increase was intended in part to even out the disparity between its interim and final dividends. Earning per share grew 39 per cent to 8.36p, after a rise in after-tax profits from £10.8m to £15.05m.

Pearl had continuing problems in its non-life results, where underwriting losses worsened from £9.85m in the first half of 1986 to £10.1m in six months to June 30, 1987.

Mr Einion Holland, Pearl's chairman, said a second-quarter deterioration in the UK property and liability business sold through its home service field force offset much of the improvements seen in other sectors. "As in 1986, the severe weather in the early months of the year set us off to a bad start," he added, despite th positive effect of "corrective action"

Pearl showed a turn-around in its reinsurance operations, which have produced heavy losses in recent years. In the first half they produced a trading profit of £440,000, against a £1.4m loss in 1986.

Overall, on non-life business Pearl cut its total worldwide trading loss from £2.65m to £2.1m.

In life assurance—where Pearl's new business grew 63 per cent to more than £138m—the group reported profits of £1.35m from its unit-linked subsidiaries, £9.74m from its ordinary branch with-profits business, and £9.71m from the industrial branch policies sold through its home service agents.

Pearl's surge in new life business came entirely from new single premium contracts, made up of sales of unit-linked life policies and so-called "section 32" contracts aimed at early leavers from group pension schemes.

Imtec merger-£1.5m rights

To facilitate the merger with Laser-Scan International, the Imtec Group is to raise some £1.46m net through a rights issue. Proceeds will be applied in working capital for the enlarged group.

Imtec is a USM company involved in the manufacture and marketing of computer equipment. The merger was announced in March and the shares suspended at 24p, valuing the company at some £3.8m. Effective date of the merger is expected to be October 5.

The directors are not able to forecast results of the enlarged group, but say they are encouraged by substantial overhead savings which have been identified, and the higher gross income expected now that new products are beginning to be sold.

Because of the substantial deficit in the distributable reserves the new group is unlikely to pay dividends in the foreseeable future.

Up to 19.6m shares are on offer at 10p each, on the basis of 1-for-24.

The board is being reorganised. Mr P. Woodsford and Mr T. Baughan will join the board; Mr I. Herman resigns as managing director and leaves the board, and Mr P. James resigns but continues as a consultant of the enlarged group.

In the year ended March 31 1987 Imtec cut its operating loss from £1.03m to £558,000 and its pre-tax deficit from £1.47m to £972,000. That included an exceptional charge of £91,000 (£43,000) and there is also an extraordinary debit of £235,000 (nil). Next accounts will cover the three months to June 30 1987.

Hawley bid threatens ADT's rating

BY CLAY HARRIS

Standard and Poor's, the US credit rating agency, has warned that the quality of ADT's commercial paper would "materially decline" if Hawley Group succeeds with its $635m (£400m) takeover of the US security services company.

S and P placed ADT'S $23m of outstanding commercial paper on its "credit watch" list, a signal of a possible change from the current A-1 rating, the second highest level. S and P said that a successful bid at or above the announced $47 level would cause the erosion in credit quality because of "Hawley's more aggressive financial posture and acquisition appetite."

Ms Denise Gleason, S and P analyst, added: "Potential defensive measures adopted by management to thwart this or other takeover attempts would substantially weakan the company's financial position."

Since Hawley, based in Bermuda but managed from London, launched its surprise bid 10 days ago, both it and ADT have avoided any public statements, even about whether any talks between the two sides have actually taken place. At 1.30 pm yesterday in New York, ADT shares were $¼ lower at $50⅝.

Sagemill offer for Ealing Electro closes

By Philip Coggan

Sagemill's offer for Ealing Electro-Optics, a USM-quoted optical-equipment manufacturer, received acceptances of only 0.3 per cent of the equity.

But there will be no weeping or gnashing of teeth at the private Guernsey-based company since its offer was a technical one to satisfy the provisions of the Takeover Code.

Sagemill, which represents the interests of three businessmen, Mr David Hill, Mr Sandy Saunders and Mr Colin Gervase-Brazier, already had a 29.9 per cent stake in EEO and enough shareholder support to give the group control.

Accordingly, the cash offer of 154p per share was couched well below the market price. Shares in EEO rose 25p to 226p yesterday on speculation about the prospects for the company under its new management.

Talks at Lee Intl.

SHARES in Lee International fell 21p to 264p yesterday after the film lighting manufacturer and rental supplier said that it was in the early stages of talks about a possible major acquisition.

UK COMPANY NEWS

Nikki Tait on the man who set the City buzzing

Adding sparkle to Acsis

FOR THE past two months, Acsis Jewellery has been every punter's dream.

The price, having lingered around the equivalent of 20p (adjusted for the recent equity issue) for months, soared in late-June/early-July to a high of 285½p on the news that Mr Daryll Phillips was buying in. Since then, a modicum of sanity has prevailed, but the shares still trade at 200p-odd.

That, even by current shell situation standards, is a hefty reaction. So why all the excitement?

Mr Phillips, the tanned, urbane 43-year-old South African executive chairman of Acsis who has caused all the fuss, looks completely unstartled. Like so many of his fellow South African entrepreneurs, he started on the financial front, first with a stockbroker and then moving on to the investment side of NFI, a financial services group.

It was there, a full 20 years ago, that he switched from investment to marketing, overseeing the promotion of the company's unit trust business. That, in turn, brought him into contact with the advertising industry and three years later Mr Phillips went solo, setting up his own agency.

THE SOUTH AFRICAN INVASION

However, 1973 marked the beginning of a somewhat uneasy marriage. He decided to sell a 24.9 per cent interest in the business to the large US agency, Grey Advertising—an interest which subsequently increased to 41 per cent although the South African founder always retained control and indeed still does today.

At the time, he saw scope for learning from Grey and welcomed the security. In retrospect, he is disenchanted: "There was never a synergy."

Nevertheless, expansion of Grey Group—as the South African operation became known—continued apace. It now consists of six separate agencies as well as five service subsidiaries, covering recruitment consultancy, corporate communications, PR and the like. Billings over the five years to end-1986, have risen from R56.1m (£16.7m) to R116.5m. Today, Grey employs some 260 people.

The client list, too, is impressive, ranging as it does from multinationals — Glaxo, Beecham, American Express, ICL, and IBM—to domestic groups, such as SA Breweries and OK Bazaars.

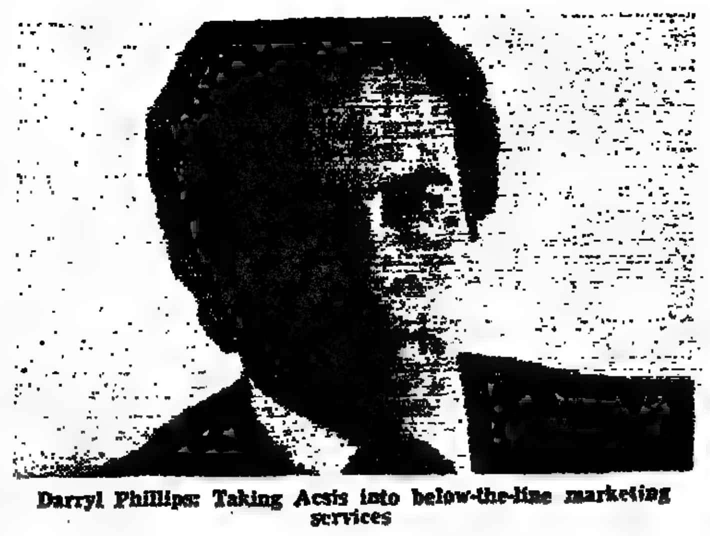
But the relationship with Grey was not the only headache. The withdrawal of foreign companies from South Africa scarcely bodes well for international business. Although claiming that on the back of the domestic boom the current year's results could be the best-ever, Mr Phillips is less encouraged by long-term prospects.

"The political situation was becoming more and more isolated," he comments, "and really was the block on our ability to expand. Things were tailing off in that we weren't getting new business."

Mr Phillips decision to move himself and his family to London — at the very point when UK ad companies are set on rapid expansion in the US — looks a touch perverse. But the South African, who is descended from a Russian immigrant family, already held British citizenship and had first considered moving back in the late-1970s. He maintains firmly that is the better country for doing business, and decided 14 months ago that the only way to effect the transition was to buy a flat and "be in on the ground".

Acsis was the second shell which he looked at. The company came to the Unlisted Securities Market in 1981 at 70p a share via a placing of 40 per cent of its equity. At that stage, it was reporting pre-tax profits of more than £500,000, derived largely from sales of medium-priced fashion jewellery through about 70 "shop-within-shops" and mail order.

Since then, things have never been so good. Recession in the jewellery business was blamed for a loss in 1982, but despite a modest bounce-back and a £1m capital injection (in return for convertible preference shares) by Birmingham Mint in 1984, more red ink flowed in 1985-86 and 1986-87.



Darryl Phillips: Taking Acsis into below-the-line marketing services

That the company was effectively on the market was no secret: at one stage Mr Phil Edmonds, the Middlesex and England cricketer, was rumoured to be interested. Indeed, the shell solution was effectively the only salvation. Mail order had vanished back in 1984, and during 1986-87 the number of outlets was slashed from 40 to six, stocks reined back and the head office sold for almost £500,000. The result was a pre-tax loss of £413,000 in the year to end-January and an extraordinary write-off of £894,000. It left net assets at just £500,000.

The plus point was that the sorting-out was largely complete and the damage quantifiable. Via Windstorm — a British Virgin Islands company controlled by Mr Phillips—but counting Hambros, Boase Massimi Pollitt, York Trust, David Nabarro and Mr Linsay Phillips, his Australia-based brother, among his backers — he purchased a 46.4 per cent stake.

The principal seller was Charterhouse Development Capital, which had been an Acsis backer in 1978. Two former/current directors chipped in and Birmingham Mint also finally escaped. The Mint stake was converted early, its dividend arrears lapsed, and a rights issue to raise £1.5m followed. With Windstorm taking up only part of its rights, the net result was to leave the offshore company with 38 per cent of the enlarged equity.

Mr Phillips has kept his options open over the future of the jewellery side. But what really set the market-makers buzzing was the expectation that a rapid build-up in the highly-rated ad sector would now follow. Indeed Mr Phillips himself confirms that he expects to take Acsis into below-the-line marketing services — design, graphics, sales promotion and so on—with the likes of recruitment services tacked on.

The new direction, he expects, will come entirely through acquisition: "If it's a green-field operation, the payback is three to five years, and that's too long." On the time scale, though, he is loathe to be precise—he admits there is considerable pressure to "do deals which justify the rating" and says acquisitions in the £15-£75m category are already under close scrutiny. But he is also surprisingly grateful for the leeway London offers. "In South Africa, you've got about two weeks to do the next deal."

Mr Phillips himself plans to take little part in the day-to-day running of any agencies acquired, seeing his role far more as the corporate builder. It is, perhaps, no coincidence that he is a friend of Mr Martin Sorrell, the former Saatchi & Saatchi finance director who has built another shell, WPP, into a £300m marketing services and ad agency group in just two years.

That thought, it seems, has passed through the market's mind, too.

** This is the final article in a series of three looking at South African entrepreneurs in the UK.*

Public Notices

BHP

Notice of Meeting

Notice is hereby given that the Annual General Meeting of The Broken Hill Proprietary Company Limited will be held at the Dallas Brooks Hall, Albert Street, East Melbourne, Australia on Tuesday 22nd September 1987 at 2.30 pm.

Business and Special Business

1. To receive and consider the Statement of Financial Position, the Statement of Profit and the Reports of the Directors and of the Auditors in respect of the year ended 31st May 1987.
2. To elect Directors.
   (a) In accordance with Article 100 of the Company's Articles of Association, Mr J.B. Reid, Sir David Zeidler and Mr W.D. McPherson retire and, being eligible, offer themselves for re-election.
   (b) In accordance with Article 88, Mr M.R.H. Holmes à Court, Mr J.D. Elliott, Mr D.W. Rogers and Sir Arvi Parbo, having been appointed to fill casual vacancies cease to hold office at the meeting and, being eligible, offer themselves for election.
3. To consider and, if deemed fit, to pass the following as a special resolution:
   "That the Directors be authorised to implement and in their discretion maintain, on terms and conditions determined by the Directors from time to time, an Executive Share Scheme, as outlined in the Notice of Meeting, under which the Company may issue and allot partly paid ordinary shares to eligible employees of the Company or any related corporation of the Company (including any Director holding salaried employment or office in the Company or any related corporation) but so that the aggregate of shares issued and held subject to the Scheme from time to time shall not exceed 2% of the issued capital of the Company immediately prior to each issue."

By order of the Board,
G.D. STEPHENSON, Secretary,
Melbourne, 12th August 1987

BHCS 1283/UK

Company Notices

SOCIETE CONCESSIONNAIRE FRANCAISE POUR LA CONSTRUCTION ET L'EXPLOITATION DU TUNNEL ROUTIER SOUS LE MONT-BLANC

FRF 450,000,000
FLOATING RATE NOTES 1987-1997
of which FRF 300,000,000

has been issued as an Initial Tranche in accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 26th August, 1987 to 25th November, 1987 has been fixed at 8.25 per cent per annum.

On 26th November, 1987 interest of FRF 210.83 per FRF 10,000 nominal amount of the Notes, and interest of FRF 2,108.33 per FRF 100,000 nominal amount of the Notes will be due against Coupon No 1.

BANQUE INTERNATIONALE A LUXEMBOURG S.A.
Reference Agent

PIONEER ELECTRONIC CORPORATION

Notice is hereby given to holders of CDR's issued by Caribbean Depositary Co., N.V. Curacao, evidencing shares in the above company that the "Third quarter report 1987" of Pioneer Electronic Corporation may be obtained from:

Pierson, Heldring & Pierson N.V.
Herengracht 214,
1016 BS Amsterdam.

and

The Bank of Tokyo Ltd.
established in: Tokyo, Bruxelles, London, Dusseldorf, Paris and New York.

Amsterdam, August 21, 1987.
PIERSON, HELDRING & PIERSON N.V.

Clubs

WERELDHAVE

Wereldhave N.V.
(Investment Company with variable capital)
23 Nassaulaan
2514 JT The Hague (Netherlands)

1987
INTERIM DIVIDEND

The Board of Management have decided to pay an Interim Dividend of Dfl. 4.75 in cash per Ordinary Share of Dfl. 20.00 each for the financial year 1987. The Interim Dividend will be payable, less 25 per cent. withholding tax, from 4th September, 1987 on presentation of coupon No. 34.

Dividend coupons for cash payment may be presented at Pierson, Heldring & Pierson N.V., Algemene Bank Nederland N.V., Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., Bank Mees & Hope NV, Credit Lyonnais Bank Nederland N.V., Kempen & Co. N.V. in Amsterdam, The Hague, Rotterdam and Utrecht, in so far as there established, or at the offices of Morgan Grenfell & Co. Limited, New Issues Department, 72 London Wall, London EC2M 5NL.

The interim report for the first six months of 1987 will be available at the offices of Morgan Grenfell & Co. Limited at the same address.

The Board of Management

The Hague, 26th August, 1987

UK COMPANY NEWS

TRUST FUNDS ACQUISITIONS WITH ISSUES AND LOAN

Randsworth in £132m purchases

Randsworth Trust has exploited the strong market in property shares in using its paper for the third time in six months to finance the acquisition of new assets worth £132m.

It announced yesterday that it is paying Mountleigh £83m for five London properties and British Land £49m for four properties in London and one in Liverpool.

The purchases, which follow a dizzy trail of acquisitions since March, are being financed in three ways:

● A £21.7m issue of 10m new ordinary shares at 217p each, a discount of 28p on the market price just before the announcement.

● An issue of 50m 7 per cent convertible preference shares at the par price of 100p to raise £50m. Conversion can take place between 1990 and the year 2002 at the rate of 73 ordinaries for every 200 preference shares.

● A bank loan of £60m.

Both the new ordinaries and the convertibles have been conditionally placed, subject to a general offer to shareholders of one new ordinary for every 5.6481 held and one convertible for every 1.1296 ordinaries held.

The share issue represents 15 per cent of the enlarged issued ordinary share capital.

The purchase brings the value of the Randsworth investment property portfolio to £375m and it net assets to £200m. Set against that are total borrowings of £175m. The net asset value per share rose from 190p before the transactions to 235p, so that the shares are now trading on the market at a narrow premium.

Yesterday they rose in response to the acquisitions and closed for a gain of 18p on the day at 258p. They have now risen more than threefold this year against the background both of a strong sector and of sentiment running in favour of aggressive acquisition.

The rise of Randsworth Trust has been fast. Mr David Holland and Mr Andrew Nichols moved into Jayplant, a plant hire company, in May 1986 and transformed it into a property company.

Mr Nichols indicated yesterday that the company would seek to consolidate before embarking on any new acquisitions. The two new portfolios needed extensive management, he noted. This rules out the use of Randsworth paper at least for the next few months.

Randsworth has built up a 7.94 per cent stake in Lynton Property and Reversionary. This could provide the platform in the medium term for a full scale bid, following the takeover of Apex Properties and London and Provincial Shop Centres.

Palma gains from a sharp rise in margins

Palma Group, Leicester-based maker and distributor of knitted products, increased its margins sharply during the first six months of 1987 and for the period saw its profits rise by £283,000 to £719,000 at the pre-tax level.

Mr Peter Bailey, the chairman, said the 65 per cent profits improvement was brought about by greater efficiency and tighter control of costs.

He said that given the prospects he anticipated being able to recommend an increased dividend for the year.

Meanwhile, shareholders are to receive a lift in their interim dividend from 0.825p to 1p net per 25p share from earnings 0.92p ahead at 2.29p.

First-half turnover remained fairly static at £7.87m (£7.92m). However, Mr Bailey anticipated there would be good growth for the full 12 months.

He pointed out that borrowings for the half year had been substantially reduced and that the group was on target to reduce these to a minimum by year-end.

Tax for the period under review accounted for £216,000 (£109,000).

Braime edges to £58,000

T. F. and J. H. Braime, manufacturer of seamless drawn presswork and distributor of elevator components, improved its pre-tax profits from £56,878 to £58,467 on turnover up slightly from £1.8m to £1.88m in the six months to June 30 1987.

The directors declared an unchanged interim dividend of 1.5p and earnings per 25p ordinary share advanced to 2.38p (2.26).

They said that prospects for the closing of the year were clouded by the uncertainty surrounding the availability of steel supplies. Tax took £20,463 (£30,518).

Church profit moves up 22%

HALF WAY PROFITS from Church & Co., manufacturer and retailer of footwear, rose by 22 per cent and the directors said they were confident for the rest of the year.

Turnover moved ahead 11 per cent to £29.28m in the six months ended June 30, while the pre-tax profit worked through at £2.06m, against £1.69m.

Mr Ian Church, chairman, considered it unlikely that the same high growth rate in UK retail sales would continue, as a major improvement in sales occurred in the latter part of 1986.

However, he expected retail profits to be higher, manufacturing to have a good second half, and the US and Canada to produce an excellent year in dollar terms.

The interim dividend is raised from 2.5p to 3p net; this should be seen as a move to reduce disparity (last year's final was 7p) although the directors were hoping results would justify an increase for the year.

Net profit for the half year came out at £1.22m (£1.04m) for earnings of 11.6p (9.9p) per share.

The retail subsidiary, A. Jones & Sons, lifted its turnover to £13.23m (£11.43m) and pre-tax profit to £505,000 (£201,000), benefiting from an improvement in tourism and in retail conditions generally.

However, it was unlikely to maintain the same percentage growth rate in turnover, although the year should be better.

Murray Income Trust

Net asset value per ordinary and "B" ordinary share of Murray Income Trust increased by 40.1 per cent, from 185.2p to 259.4p, in the year ended June 30 1987.

The board is recommending a final dividend on the ordinary shares of 4.2p making 6.2p (5.4p). It also recommends payment of an interim dividend of 2.5p (2p) for the current year.

"B" ordinary shareholders will receive a capitalisation issue in "B" ordinary shares equivalent in net asset value to the recommended final dividend and the interim dividend for the current year but excluding tax credit thereon.

Yearling bonds

Yearling bonds totalling £1.0m at 10⅛ per cent, redeemable on August 31 1988, have been issued by the following local authorities. Suffolk Coastal District Council £0.5m: Derwentside District Council £0.5m.

COMPANY NEWS IN BRIEF

PARKFIELD GROUP: Chairman told shareholders at the annual meeting that the group had entered the new financial year very well positioned to continue its development and expansion.

UNIGROUP had acquired Dynamic Closures (UK) and its wholly-owned offshoot Dynaflair Security (UK) for £121,000 cash. Dynamic Closures incurred a pre-tax loss of £7,000 on a turnover of £243,000 in year to end-June 1987.

EX-LANDS (investment holding company): Pre-tax profits £35,152 (£51,903) for half year to end-June. Net asset value 25.6p (21.2p) per 10p share. After tax £29,637 (£26,941) earnings fell to 2.05p (2.79p). Directors said outlook for rest of year was uncertain but they expected to maintain a dividend of at least 0.75p. Net asset value has risen 34 per cent since the year end, they said.

ALLIED COLLOIDS shareholders were told by Sir Trevor Holdworth, chairman, at yesterday's annual meeting that based on the results for the four monhts to the end of July, sales were ahead of the comparable period in the previous year. Profits had been similarly satisfactory. The company was more confident of being able to show further profit improvement for the year 1987-88 over that achieved during 1986-87.

BOVIS/BRUNNING Homes, the US housebuilding arm of Bovis Homes, itself a subsidiary of the P&O Group, has purchased land and work in progress from Laurel Homes, of Orlando, Florida, for US$8m (£4.96m).

APPOINTMENTS

Hogg Robinson changes

HOGG ROBINSON CHANGES

The chairman of HOGG ROBINSON & GARDNER MOUNTAIN, Mr Albert Wheway, has retired and has been succeeded by Mr J. H. Vaughn. Mr Vaughn was chairman of Fred S. James, a large US insurance broker. Mr Alec Shaw, Mr Charles Keller and Mr Stephen Mineprie have also been appointed to the board. A non-executive director, Mr Peter Sawdy, has been appointed a deputy chairman.

★

Mr Drummond Sharp has been appointed non-executive chairman of the Manchester telecommunications group, DIAL-A-PHONE. He was joint managing director of the Manchester investment holding company, Burns Anderson, until its recent takeover. In 1986-87 he was an alternate member of the Bank of England deposit protection board.

★

Dr Ashraf Marwan has joined the board of BENLOX HOLDINGS as executive deputy chairman. Benlox recently gained control of Nolton and will soon be implementing its commitment to spin-off the non-property subsidiaries of Nolton by way of buy-outs and demergers. Dr Marwan has made market purchases of 460,000 Benlox ordinary shares which increased his holding to 4,060,000 ordinary shares or 11.3 per cent of the current issued share capital of Benlox. Mr Andrew Millar, Benlox chairman, has agreed to sell to Dr Marwan a further 3m Benlox ordinary shares at 78p per share. This will take Dr Marwan's holding to 19.4 per cent of the current issued share capital of Benlox which will reduce to about 15.2 per cent assuming full implementation of the offer for Nolton. At the same time Mr Millar has agreed to sell an additional 2m shares at 75p per share to clients of Lincorp, Earl & Co.

★

SHORALPLAN has appointed Mr Ian Barclay as finance director. He joined the company last March as group company secretary and group accountant.

★

ROBINSON & SONS, Chesterfield, has appointed Mr Jim Beveridge as a non-executive director. He was with the Royal Dutch/Shell Group. Since retirement, he was, until recently, a director of Tullis Russell & Co.

★

Miss Rebecca Ward has been appointed to the board of COMMUNICATIONS IN BUSINESS. She was with Charles Barker. Mr Thomas Jordan, New York-based chairman of The Jordan Group, has been appointed a non-executive director of Communications In Business.

★

FRIZZELL MEMBERS AGENCY has appointed Mr A. M. Graham, managing director of The Frizzell Group, and Mr J. L. Ingles, to the board. Mr Ingles becomes a non-executive director.

★

Mr Didrik Normark, managing director, Elektrokoppar, a subsidiary of ASEA, Sweden, and Mr Jon Pither, managing director, Amari, have joined the board of THE LONDON METAL EXCHANGE.

★

ERNST & WHINNEY has appointed Mr Philip Thomas as a managing consultant in the banking and financial services practice. He joins from SRI, where he was senior consultant for banking and finance.

★

The new chairman of the NATIONAL WOOL TEXTILE EXPORT CORPORATION, is Mr John Ward, managing director of Thomas Carr.

★

SQUARE D, Swindon, has appointed as director and general manager, Mr Richard Fester. For the past three years he has been based in Singapore as managing director, Square D Asia.

★

BELHAVEN has appointed Mr S. J. (Hamish) Macdonald Lockhart chief executive of its subsidiary, Belhaven Brewery Co from August 31. He was managing director of the Wessex region of Courage. Following this appointment, the post of managing director is being discontinued and Mr K. D. S. Ross is leaving the company.

★

JOHN WADDINGTON has appointed Dr David Marsh as managing director of Plastona, its plastics packing division. He joins from the Celestion Group where he was managing director.

★

BELLWINCH has appointed Mr Stephen Matthews as a non-executive director. He was (until privatisation) deputy chairman of International Leisure.

★

Mr Peter J. Le Voir has become a director of SAUNDERSON HOLDINGS and the managing director of its financial services division. He was assistant director of the London merchant banking arm of Bank of Boston. He started his own

★

Mr Derek Grange has been appointed finance director of MOWLEM'S property division. He previously worked in the group's finance department, following a period with Mowleum's American subsidiary, Buehler. He will ocntinue as a director of London City Airport, the new international business traveller's airport developed by Mowlem and scheduled to open this October in London's Royal Docks.

COMMODITIES AND AGRICULTURE

EC raises sunflower seed export quota

BY TIM DICKSON IN BRUSSELS

THE EUROPEAN Commission yesterday responded to the plight of Spanish sunflower seed producers by raising this year's EC export quota from 45,000 to 78,000 tonnes.

But the Brussels authorities have turned down a request by the Spanish Government to bring forward the date of the marketing year for the regime so that guaranteed intervention purchases of seed can begin one month earlier than normal.

Angry farmers have been protesting for the last two and a half weeks against the fall in sunflower seed prices, precipitated by oil surpluses left over from last year, the anxiety of processors to recover margins, strong crop forecasts and Spain's early harvest.

Typically producers have been receiving around Pta 45 (22½p) per kilo this year. Under EC rules they will not be able to take advantage of the intervention system, which would guarantee them a floor price of Pta 55.5, until it opens in October.

A Commission official explained last night that bringing forward the date to September would have posed serious legal problems, though he added that such a move "would also contravene" the basic principles of trying to limit EC spending on agriculture.

The decision to increase the amount of Community sunflower oil which will qualify for export subsidies to something under 10 per cent of production was approved by representatives of member states at a meeting of the oilseeds management committee in Brussels yesterday. The precise level of subsidies will depend at any time on the difference between the Community price and the world price.

France eases sugar trading rules

By George Graham in Paris

THE FRENCH Government has dealt an extra card to the Paris white sugar futures market in its bid to fight off competition from London and New York by allowing all professional operators to convert their transactions automatically into dollars.

Foreign users of the Paris sugar market, who account for 70 per cent of turnover, are already allowed this facility, but under French exchange controls the contract had to be quoted in francs and domestic users were not allowed to convert into dollars.

The Paris market, which has until recently enjoyed a near monopoly of white sugar trading, is also to be allowed to introduce traded options on September 15. French dealers expect this to be an essential weapon against London, which recently opened a similar white sugar futures contract, and New York, which will do so in October.

The Government also introduced new regulations aimed at developing private client interest in the exchange, which has suffered a bad reputation in France. Indeed, a popular 1978 film, starring Gerard Depardieu and showing an unwary investor losing his shirt on sugar futures is to be screened tonight (Thursday) on French television.

But the two main changes still sought by the sugar exchange are a reform of the tax rules, so that profits are taxed at the same rate as stock exchange gains, and new rules to allow mutual funds to invest in commodity futures.

Philippines fights back over coconut health risk charges

BY ROGER MATTHEWS IN MANILA

THE PHILIPPINES coconut industry, which is responsible for about 40 per cent of world output and is vital to the country's economic health, is urgently seeking ways to combat external threats to its export markets and methods to improve its own domestic efficiency.

President Corazon Aquino has joined the battle with a blunt warning to the US and the EC about the dangers of protectionist measures. She has also given the Philippine Coconut Authority additional powers to regulate the industry.

"If the coconut industry goes under then so, too, will the interests we are pledged to defend here in the Pacific," she said. Coconut products are the Philippines single largest merchandise export and Mrs Aquino said that allegations in the West about possible health risks could prove fatal to the industry.

At the same time coconut production faces a period of uncertainty stemming from the Government's proposals for widespread agrarian reform and the unwillingness of many banks to make loans until it is resolved. Large landowners with their own financial resources are also reluctant to take investment decisions until they know how much of their land they will be able to retain.

These problems have been exacerbated by accusations by several European importers about the quality of recent shipments of copra (coconut flesh). Mr Jose Romero, chairman of the strengthened coconut authority, said that the four local companies responsible had been banned from making any furher shipments.

To prevent a recurrence, Mr Romero said plans were being studied for an accreditation system for exporters to be operated in conjunction with the United Coconut Association of the Philippines.

This would include adherence to new quality control regulations and pre-inspection of all products before they were exported.

Mr Romero is also considering what he describes as a "price stabilisation fund," which would set floor and ceiling prices for copra. When prices rose above the ceiling the difference would be paid into an account and used to compensate producers if ever copra prices sank below the floor level.

Mr Romero added that any decisions would have to await his return from the US, where he is to head a team investigating what is described as the campaign by the American Soyabean Association to discredit coconut oil.

A team of five scientists from Harvard University have meanwhile arrived in the Philippines to assess the effects of coconut oil on health. Local growers hope that the Pesos 50m (£1.5m) study which they are funding will demonstrate conclusively that there is no basis for accusations that coconut and other tropical oils contribute to cardiovascular disease.

Oil prices rebound

By Lucy Kellaway

OIL PRICES rebounded sharply yesterday, with Brent crude rising above $18 a barrel, and West Texas Intermediate in New York recovering to over $19.

In the third hectic day on the oil markets this week, the price of Brent closed 40 cents higher at $18.05, while West Texas Intermediate by mid-afternoon had risen 56 cents to $19.20.

Traders yesterday attributed the rise to a growing confidence that Opec would come to grips with overproduction, estimated to be running at about 3m barrels a day above its official ceiling of 16.6m barrels.

After a sharp drop on Monday, prices yesterday started to rise following the announcement from Mr Rilwanu Lukman, the Opec president, that special committees which monitor Opec production and prices would meet early next month to discuss the current infringement of quotas.

In the last month prices have fallen from over $22 a barrel as the market has shrugged off fears of tension in the Gulf.

Peru to import crude oil

BY DOREEN GILLESPIE IN LIMA

PERU IS preparing to import crude oil for the first time since 1978 in order to cover a shortfall in refinery runs following a steady fall in production over the past six months.

The import of light oil, possibly from Ecuador, will be covered by a swap operation with residual fuel, Peru's main oil export.

Petroperu, the state oil company, will be calling a tender for the supply of some 800,000 barrels to cover this year's shortfall for delivery within the next month.

Company officials say they do not foresee further imports, although Peru's crude oil production has fallen steadily to an average 161,600 barrels per day in July from 175,000 b/d a year ago.

Local demand for gasoline, diesel oil and other fuels is around 126,000 b/d. However, increasingly heavy oil produced in the Peruvian jungle means that higher volumes of oil are needed for the right product mix and refinery runs average 175,000 b/d.

Petroperu is projecting a net dollar flow of $196m this year with exports totalling $260m and imports at $64m. In 1985 Peru exported $50m worth of oil before the collapse last year of international prices. At that time it was producing 182,000 b/d of crude oil.

Meanwhile Royal Dutch Shell, which announced the discovery of a huge gas field in Peru's southern jungle at the beginning of this year, has completed its $200m exploration programme without finding the oil it was seeking.

Shell, which is repatriating its operations staff, abandoned its sixth and last well on August 7 after testing a small quantity of gas but no oil.

The company is negotiating with Petroperu to develop the gas reserves and is also interested in continuing the oil search in other parts of the country. However, it is pressing for incentives like permission to remit foreign currency, longer contract periods and a decision on prices before it expects to negotiate an agreement.

WEEKLY METALS

ALL PRICES as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,290-2,350 (2,250-2,300).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse 4.40-4.60 (4.35-4.60).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 2.08-2.14 (1.90-2.10), sticks 2.08-2.14 (1.90-2.10).

COBALT: European free market, min 99.99 per cent, $ per lb, in warehouse 6.40-6.65 (6.40-6.60).

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 275-280

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb, in warehouse 2.98-3.05 (2.90-2.97).

SELENIUM: European free market, min 99.5 per cent, $ per lb in warehouse, 5.60-5.90 (5.40-6.00).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif, 42-57 (same).

VANADIUM: European free market min 98 per cent V_2O_5, other sources, $ per lb V_2O_5 cif 2.62-2.70 (same).

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 16.75 (16.90).

Pig breeders attack grain export aid

By David Blackwell

THE NATIONAL Pig Breeders' Association has asked the UK Government and the European Community not to make export restitution payments on feed grain in the early months of the new cereal year, claiming the subsidies would "inevitably encourage the outflow of grain and deplete supplies on the UK market."

Higher prices for grain would put an unbearable new burden on pig producers when margins were already falling,

US fuels Caribbean sugar problem

Canute James on efforts to find an alternative market for a surplus crop

CARIBBEAN CANE sugar producers, faced with low prices and reduced export opportunities, are keener than ever to find alternative uses for their crops.

Production of fuel ethanol for the US market still appears the most promising, although efforts to build up the trade have run into early problems because of concern among legislators in Washington about the composition of the product, and the basis on which it can enter the country.

In the latest attempt to gain a foothold in the US ethanol market Jamaica and Belize have concluded an agreement under which the state-owned Petroleum Corporation of Jamaica is leasing the Libertad sugar estate and mill in Belize from Belize Sugar Industries, a subsidiary of Tate and Lyle.

The mill will be used for the production of wet alcohol which will be shipped to Jamaica for conversion into ethanol to be exported to the US, where it is used as a fuel additive. The Jamaican company is paying $3.5m for a five-year lease, after which it will have an option of buying the Belize facility for $1.

When the project is fully on stream Jamaica's ethanol shipments to the US, currently at about 30m gallons a year, will increase to 55m gallons a year.

"Production of wet alcohol in Belize and then of ethanol in Jamaica would provide the Jamaican production with a price mix which would make it competitive on the US market," says Mr Edward Seaga, Jamaica's Prime Minister and Finance Minister.

Jamaica and other current and prospective ethanol producers in the Caribbean are worried, however, about possible setbacks from US regulations on the mannner of production of import ethanol.

Some industry representatives say the regulations could scupper plans by governments and regional and US companies to invest about $100m in the ethanol plants in Cost Rica, El Salvalor, Guatemala, the Dominican Republic, Antigua and Jamaica.

Original plans to convert sugar-cane farms and mills to provide feedstock for ethanol plants were predicted on the product being shipped to the US under preferential trading arrangements demanding at least a 35 per cent local added value. But the region's ethanol producers have been operating under a cloud of uncertainty for the past two years, while various US Government departments have argued about the conditions under which the Caribbean product could be imported duty-free.

In what some Caribbean leaders have attacked as open protectionism in favour of US producers, legislators raised the question of whether early ethanol producers were not dumping a third country product on the US market.

Because they obtained alcohol feedstock from countries such as Spain and Brazil, some producers in the region were accused of not making any substantial transformation in the product, because they were changing 190 degree alcohol into ethanol.

This, argued the US legislators, provided a loophole through which Brazilian and European alcohol was being dumped, duty free, on the US market to the detriment of domestic ethanol producers.

The US customs service had earlier ruled that the operations of Caribbean ethanol producers qualified as "substantial transformation" and that Caribbean ethanol was eligible for preferential access to the US market.

Encouraged by this ruling investors started looking at the construction of new plants in the region in the hope of taking advantage of a growing US market, in which demand last year was estimated at just under 1bn gallons.

The Caribbean producers are now saying, however, that they are worried that the customs service's position may be overruled by a US Tax Bill which would make products like ethanol ineligible for duty-free access unless the local added value was increased to at least 75 per cent by 1989.

Mr William Maloney, chief executive of Tropicana Jamaica which ships ethanol to the US, says that with operating costs at between 30 and 35 per cent of total production costs Caribbean companies would be required to become "indigenous." While his company's production is about 28m gallons per year, the feedstock available from within the Caribbean would generate no more than between 4m and 5m gallons.

Tropicana Jamaica, a subsidiary of Tropicana Petroleum of California, has leased a sugar factory and just under 2,000 acres of cane fields from the Jamaican Government to increase the local supply of feedstock.

Caribbean ethanol producers say they do not object to the demand that they should use more local and regional feedstock, but argue that they cannot make such a switch overnight. Some claim they are being made victims of favoured treatment to US ethanol producers, who already benefit from federal and state subsidies on feedstock.

LONDON MARKETS

THE CONTINUING uptrend in London's coffee futures market lifted prices to the highest levels for nearly three months yesterday. Dealers attributed the market's renewed strength chiefly to growing optimism that agreement on the reintroduction of International Coffee Organisation export quotas — suspended early last year following a sharp price rise — can be reached at next month's ICO council meeting. The cocoa market was also maintaining this week's uptrend and traders were beginning to talk of a shift in underlying sentiment. The tone was also helped by reports of dry weather in Brazilian growing areas and a slightly less encouraging outlook for the Ivory Coast's 1987-88 crop, despite recent rains. The Ivory Coast and Brazil are the two biggest cocoa producing countries. On the London Metal Exchange aluminium prices were hit by a sharp pre-market sell-off which was only partly recovered in later trading. General selling, speculative liquidation and the triggering of stop-loss selling orders featured in the early fall. But bargain-hunters were attracted by the lower price levels.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or —	High/Low
Cash	—	—	—
3 months	1700-10	—30	1708/1678

Official closing (am): —— (——), three months 1,680-90 (1,735-45), settlement —— (——). Final Kerb close: 1,700-10. Ring Turnover: 12,600 tonnes.

99.5% purity	£ per tonne	+ or —	High/Low
Cash	1096-8	—14	1095/1075
3 months	1033.4	—14.25	1054/1016

Official closing (am): Cash 1,084.5-5 (1,119-20), three months 1,024.5 (1,051-2), settlement 1,085 (1,120). Final Kerb close: 1,033-5. Ring Turnover: Nil tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	1068-6	+9	1064/1063
3 months	1048-8.5	+6	1049.5/1038

Official closing (am): Cash 1,052-3 (1,052-3), three months 1,038.5-7.5 (1,038-8.5), settlement 1,053 (1,053). Final Kerb close: 1,045-6.

Standard			
Cash	1064-5	+11.5	1062
3 months	1046-7	+8.5	—

Official closing (am): Cash 1,062-3 (1,049-50), three months 1,035-7 (1,030-5), settlement 1,063 (1,050). US Producer prices: 84-81.625 cents a pound. Total Ring Turnover: 51,650 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	415-14	—2	420/414
3 months	391-2	—2.5	395/390

Official closing (am): Cash 417-8 (418-9), three months 394-5 (394-5), settlement 418 (419). Final Kerb close: 391-3. Ring Turnover: 16,950 tonnes. US Spot: 42 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	3335-50	+20	3330
3 months	3330-5	+12	3345/3320

Official closing (am): Cash 3,330-5 (3,225-50), three months 3,325-40 (3,275-80), settlement 3,335 (3,280). Final Kerb close: 3,320-30. Ring Turnover: 3,606 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	495.5	+7.25	
3 months	495-5.5	—6	504/492

Official closing (am): Cash 498-9 (505-6), three months 497-8 (503-4), settlement 499 (505). Final Kerb close: 492-4. Ring Turnover: 5,450 tonnes. US Prime Western: 47.5-48.5 cents a pound.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.	Puts Nov.
Aluminium 99.7%	—	—	—

		Nov.	Jan.	Nov.	Jan.
Aluminium 99.5%	1,650	—	—	24	106
	1,675	53½	46	54	121
	1,700	44	38½	—	—
Copper (Grade A)	1,650	—	—	47	82½
	1,675	52½	64½	55	93
	1,700	50	54½	—	—
Copper (Grade A) £/tonne	1,025	—	—	24	41
	1,050	35	35½	32	52
	1,075	22½	25½	—	—

Estimates.

TIN

KUALA LUMPUR TIN MARKET—Close: N/A (18.88) ringgit per kg.

GOLD

GOLD BULLION (fine ounce)	Aug. 26	
Close	$459-459½	(£282½-283)
Opening	$458¼-458¾	(£282¼-282¾)
M'n'g fix	$458.50	(£282.449)
Aft'n'n fix	$458.00	(£282.315)
Day's high	$459½-459¾	—
Day's low	$457¼-457¾	—

GOLD AND PLATINUM COINS		
Am Eagle	$470-475	(£290¼-293½)
Mapleleaf	$471-474	(£291¼-293)
Kr'g'r'nd	[illegible]	[illegible]
½ Krug	[illegible]	[illegible]
¼ Krug	[illegible]	[illegible]
Angel	[illegible]	[illegible]
1/10 Angel	[illegible]	[illegible]
New Sov.	[illegible]	[illegible]
Old Sov.	[illegible]	[illegible]
Noble Plat.	[illegible]	[illegible]

INDICES

REUTERS

Aug. 26	Aug. 25	M'th ago	Year ago
1659.5	1660.5	1622.0	1455.2

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Aug. 25	Aug. 24	M'th ago	Year ago
Spot	128.14	128.65	—	117.55
Fut	130.63	130.30	—	119.04

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Aug. 26 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1790/810	—30	$1730/750
Copper			
Cash Grade A	£1065.5	+9	£1094
3 months	£1048.25	+6	£1071.25
Gold Troy oz	$457.75	—0.5	$459.25
Lead Cash	£413.5	—2	£403.5
3 months	£391.5	—2.5	£376.25
Nickel			
Free Mkt	244/254c	+4	232/242c
Palladium oz	$135.75		$146.15
Platinum oz	$597.75		$603.50
Quicksilver †	$275/285		$235/245
Silver troy oz	477.05p	+0.05	501.35p
3 months	489.70p	+0.50	512.50p
Tin			
free Mkt	£4220/250	—20	£4640/670
Tungsten	$53.85		$53.69
Wolfram 22.0lb	$43/55		$48/55
Zinc	£495.5	—7.25	£497
3 months	£495.25	—6	£496.25
producers	$860		$850
OILS			
Coconut (Phil)	$460x		$440
Palm Malayan	$380y		$500
Seeds			
Copra (Phil)	$325x	+5	$285
Soyabean (U.S.)	$149.25w	+0.75	$157
GRAINS			
Barley Fut. Nov.	£101.35	—0.25	£100.55
Maize	‡		£161.00
Wheat Fut. Nov.	£104.00	—0.35	£101.75
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1331.5	+19.5	£1301.5
Coffee Ft. Nov	£1327.5	+16.5	£1213.5
Cotton A Ind.*	85.60c	—0.25	84.70c
Gas Oil Oct.	$155.75	+3.5	$166.75
Rubber (kilo)	70.25p		69.75p
Sugar (raw)	$146.5u	—0.2	$149.5
Wooltops 64s	545p kilo		479p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. v Oct. x Aug-Sept. w Oct-Nov. T Sept. u Sept-Oct. y Nov.

SILVER

Silver was fixed 0.05p an ounce higher for spot delivery in the London bullion market yesterday at 477.05p. US cent equivalent of the fixing levels were: Spot 770c, down 5c; three-month 783.65c, down 4.8c; six-month 797.9c, down 5.1c; and 12-month 827.2c, down 5.4c. The metal opened at 474-475½p (767-769c) and closed at 479-480½p (773-775c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	477.05p	+0.05	779c	+2.5
3 months	489.70p	+0.50	786.5c	+1
6 months	502.75p	+0.55	—	—
12 months	527.70p	+0.60	—	—

LME—Turnover: Nil (4) lots of 10,000 ounces.

Three months final kerb 784-7c.

COFFEE

Robustas traded at the highest level for 11 weeks, reports Drexel Burnham Lambert. Boosted by a strong performance in New York, heavy short-covering took levels £27 above Tuesday's close. Trade selling was evident but was easily absorbed by the commission house short-covering. Light profit-taking by jobbers took levels off the highs.

COFFEE	Yesterday close	+ or —	Business done
Sept	1298-1300	+20.0	1305-1290
Nov	1325-1330	+16.0	1339-1322
Jan	1350-1355	+13.0	1359-1348
Mar	1370-1375	+16.0	1388-1378
May	1390-1375	+17.5	1410-1395
July	1420-1375	+27.5	1437-1417
Sept	1430-1465	+25.0	—

Sales: 5,673 (4,468) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for August 25: Comp. daily 1979 102.31 (99.20); 15-day average 97.21 (96.81).

COCOA

Aided by weaker sterling and an increase in physical inquiry, futures attracted short-covering and fresh speculative buying to close at the highs.

	Yesterday's close £ per tonne	+ or —	Business done
Sept	1277-1279	+20.5	1280-1258
Dec	1321-1322	+19.5	1322-1302
March	1349-1350	+18.0	1351-1331
May	1373-1374	+20.0	1374-1355
July	1391-1393	+17.0	1392-1374
Sept	1408-1410	+15.5	1410-1388
Dec	1428-1433	+13.0	1430-1416

Sales: 5,715 (5,158) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for August 26: 1,615.95 (1,596.89); 10-day average for August 27: 1,582.90 (1,591.03).

FREIGHT FUTURES

News of a further decline in the Gulf/Japan rate to $75.50 before the opening resulted in a fall of 40 points in the early stages. Thereafter, levels bounced strongly from support to 1,040, basis October, and the rally took the market to the highs on the close despite a 17.5 points decline in the BFI, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
Oct.	1105/1110	1106/1039	1077
Jan.	1110/1150	1110/1045	1081
Apr.	1160/1190	1160/1095	1135
July	1030/1085	—	1010/1020
Oct.	1075	—	1080/1100
Jan.	1075	—	1090
April	—	—	1167.5
BFI.	1102.0	—	1119.5

Turnover: 717 (551).

GRAINS

Wheat reversed the previous week's trend, finding erratic long liquidation contributing to the fall. Barley maintained shipper support before easing on general trade selling, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
Sep.	103.35	—1.40	98.25	—0.40
Nov.	104.00	—0.35	101.35	—0.25
Jan.	106.20	—0.30	103.95	—0.20
Mar.	108.90	—0.35	106.30	—0.15
May	111.60	—0.35	108.25	—0.15
July	113.65	—0.15	—	—

Business done—Wheat: Sept 104.00-3.35, Nov 104.45-3.95, Jan 106.75-6.15, March 109.55-8.90, May 112.00-1.70, July 113.50. Sales: 389 lots of 100 tonnes. Barley: Sept 98.55-8.25, Nov 101.50-1.40, Jan 104.00, March 106.35-6.30, May untraded. Sales: 166 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Sept 93.50, Oct 95.00, Nov 96.75. US No 2 Soft Red Winter: Sept 87.50, Oct 91.00, Nov 93.00. French 11½-12 per cent: Sept 131.00 nominal. English feed, fob: Sept 106.00, Jan/March 111.00, April/June 115.00 paids, Oct/Dec 107.50 seller. Maize: Unquoted. Barley: English feed: Oct/Dec 107.00, Jan/March 110.50 sellers.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 94.80, E. Midlands 95.30, N. East 96.20, Scotland 96.00. The UK monetary coefficient for the week beginning Monday August 31 will remain unchanged.

POTATOES

The market opened 40p, basis April, up but came under immediate keen selling interest, knocking values down £2.30 by lunch in good volume, although cross-trading featured heavily. During a quiet afternoon the market recovered briefly to £132.00 before falling away at the close, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	89.50	91.00	—
Feb.	98.50	100.00	—
March	83.60	84.00	—
Apr.	130.80	133.10	133.80-30.60
May.	144.50	146.40	—

Sales: 1,031 (1,087) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel) Sept.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.05-17.15	+0.275
Brent Blend	18.10-18.20	+0.50
W.T.I. (1pm edt)	19.35-19.40	n/a
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—

PRODUCTS—North West Europe
Prompt delivery cif ($ per tonne)

Premium gasoline	180-183	—1
Gas Oil	153-155	+3
Heavy fuel Oil	95-97	+3
Naphtha	156-158	+3

Petroleum Argus estimates

SOYABEAN MEAL

Sterling weakness helped professional buying lift early prices. News of heavy rainfall in the main US soyabean growing areas caused further buying from speculator and local sources, reports Muirpace.

	Yesterd'ys close £ per tonne	+ or —	Business done
October	124.4-124.6	+0.35	124.8-124.8
Dec	124.8-124.8	+0.90	124.5-124.0
Feb	126.5-126.7	+1.10	125.7
April	127.0-128.0	+0.90	127.4-127.0
June	123.5-124.8	—	—
August	123.5-124.0	+0.25	—
October	124.0-126.0	+2.00	—

Sales: 224 (83) lots of 20 tonnes.

RUBBER

PHYSICALS—Closing prices (buyers): Spot 70.25p (same), Oct 69.00p (same), Nov 69.25p (same). The Kuala Lumpur fob prices (Malay/Singapore cents) per kg were RSS No 1 (254.5) ... [illegible]

US MARKETS

CONTINUAL short-covering in crude oil futures touched-off commission house stops to steady the market in what was described as a technical reaction following the achieving of downside objectives, reports Drexel Burnham Lambert. Bullish API statistics, despite a build-up of crude stocks, helped the energy futures in general to recover. Precious metals held firm throughout the day in response to energy's strength, but closed quietly with pared gains in sessions dominated by local activity. Copper closed up on commission house buying, but with pared gains on late profit-taking. Coffee rallied on local buying but trade selling held the advance. Sugar fell on early selling followed by local and commission house selling before trade short-covering saw prices recover. Cotton was limit-up across the board on reports of sizeable purchases by India. In cocoa early declines were erased on commission house and speculative buying rallied the market through key technical points despite trade selling. Cattle futures rose sharply on commercial buying as the futures moved to a premium to cash prices for the first time in two years. Hogs also rallied, but in response to firm cash prices. Demand from packers and recent rains forced the cash market higher.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
August	79.50	79.00	—	—
Sept	79.50	79.00	79.50	79.00
Oct	78.00	77.95	—	—
Dec	76.75	77.75	77.00	76.75
Jan	75.80	76.80	—	—
March	74.25	75.25	—	—
May	70.15	71.15	—	—

COCOA 10 tonnes, $/tonnes; COFFEE "C" 37,500 lb, cents/lb; COPPER 25,000 lb, cents/lb; COTTON 50,000 lb, cents/lb; CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels; GOLD 100 troy oz, $/troy oz — [illegible]

HEATING OIL 42,000 US gallons, cents/US gallons; ORANGE JUICE 15,000 lb, cents/lb; PLATINUM 50 troy oz, $/troy oz; SILVER 5,000 troy oz, cents/troy oz; SUGAR WORLD "11" 112,000 lb, cents/lb — [illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb; LIVE HOGS 30,000 lb, cents/lb; MAIZE 5,000 bu min, cents/56 lb-bushel; PORK BELLIES 38,000 lb, cents/lb; SOYABEANS 5,000 bu min, cents/60 lb-bushel; SOYABEAN MEAL 100 tons, $/ton; SOYABEAN OIL 60,000 lb, cents/lb; WHEAT 5,000 bu min, cents/60 lb-bushel — [illegible]

SPOT PRICES—Chicago loose lard 14.50 (same) cents per pound. Handy and Harman silver bullion 772.0 (780.0) cents per troy ounce. New York tin 314-316 (315-316) cents per pound.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.92p per kg lw (—0.01). GB—Sheep 156.15p per kg est. dcw (+9.19). GB—Pigs 69.49p per kg lw (—3.86).

SUGAR

LONDON DAILY PRICE—Raw sugar $146.50 ($148.00), down $1.50 (up $1.50) a tonne for Sept/Oct delivery. White sugar $182.00, up 40c.

[illegible]

Tate and Lyle delivery price for granulated basis sugar was £195.50 (£195.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for August 25: Daily price 5.81 (5.62); 15-day average 5.68 (5.71).

PARIS—(FFr per tonne): Oct 1085-1088, Dec 1090-1092, March 1130-1132, May 1169-1173, Aug 1196-1203, Oct 1228-1236.

GAS OIL FUTURES

Month	Yesterd'ys close	+ or —	Business done
	US $ per tonne		
Sept.	155.00	+3.75	155.25-153.00
Oct.	155.75	+3.50	156.00-153.75
Nov.	157.50	+3.25	158.00-155.50
Dec.	158.50	+3.00	158.75-156.50

Turnover: 6,875 (5,310) lots of 100 tonnes.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar holds in narrow range

THE DOLLAR was trapped in a narrow range, as dealers saw little reason to buy the currency but also feared central bank intervention if too much downward pressure was applied.

There were no fresh factors, but Mr Robert Heller, Federal Reserve Board Governor, added his comments to those of other officials in Washington and Tokyo aimed at preventing a further decline of the dollar, and warned of growing protectionist forces in Congress.

July US trade figures will be released on September 11, and in the absence of other news may prove the next test for the dollar.

The dollar rose to DM 1.8250 from DM 1.8230 and to FFr 6.1025 from FFr 6.0950, but was unchanged at SFr 1.5035, and fell to Y143.05 from Y143.20.

On Bank of England figures the dollar's index rose to 101.6 from 101.4.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. July average 1.6096. Exchange rate index fell 0.2 to 72.0, compared with 69.4 six months ago.

Sterling traded nervously, but closed little changed on the day. The recent vote for industrial action by the National Union of Mineworkers, over British Coal's revised disciplinary code, undermined confidence in the pound, on fears that Mr Arthur Scargill, NUM president, is looking for another confrontation with the UK Government.

Trading was also nervous ahead of next Tuesday's UK trade figures for July, although the deficit is not expected to be very different from June.

According to Money Market Services the median forecast for the trade deficit is £800m and for the current account £200m.

North Sea oil prices also weakened early in the day, on reports of over production by the Organisation of Petroleum Exporting Countries, but finished firmer, with North Sea Brent rising to $17.90 from $17.55.

This helped sterling's recovery. The pound closed 1 cent above the day's low, but down 15 points on the day at $1.6165-1.6175. It also declined to Y231.25 from Y231.75, but was unchanged at DM2.95 and SFr2.4325, and rose to FFr9.8675 from FFr9.8650.

D-MARK—Trading range against the dollar in 1987 is 1.9905 to 1.7690. July average 1.8430. Exchange rate index 146.3 against 148.2 six months ago.

The Bundesbank did not intervene when the dollar was fixed at DM1.8267 in Frankfurt compared with DM1.8205 on Tuesday.

News that West Germany's current account surplus narrowed to DM4.8bn in July from DM5.4bn in June had no impact. The trade surplus rose to DM9.9bn from DM8.3bn, but dealers noted the second quarter US trade deficit was a record.

The dollar closed at DM 1.8275 in Frankfurt, against DM 1.8205 previously, after climbing to a peak of DM 1.8355 on the comment by Mr Robert Heller, US Federal Reserve Board Governor, that he does not want the dollar to fall.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. July average 150.23. Exchange rate index 223.4 against 209.4 six months ago.

The yen finished on a firm note in Tokyo, but little changed on the day. The dollar closed at Y142.95, compared with Y142.90 on Tuesday. Earlier in the day the dollar had been quite strong, rising to a peak of Y144.20, on short covering after Tuesday's comments by the Japanese Finance Minister and the US Trade Representative, aimed at halting the dollar's decline.

Mr Satoshi Sumita, Governor of the Bank of Japan, reinforced the official view that the dollar has fallen far enough, by saying that international currency agreements made earlier this year are still in effect. But towards the close the market shrugged off these remarks, in the belief that weak US economic fundamentals will drag the dollar down towards Y140 in the near future.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug. 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0486	+1.39	+0.86	±1.5344
Danish Krone	7.85212	7.95927	+1.36	+0.83	±1.6404
German D-Mark	2.05853	2.07149	+0.63	+0.10	±1.0981
French Franc	6.90403	6.91572	+0.17	−0.36	±1.3674
Dutch Guilder	2.31943	2.33428	+0.64	+0.11	±1.5012
Irish Punt	0.768411	0.774809	+0.83	+0.30	±1.6684
Italian Lira	1483.58	1499.15	+1.05	+1.05	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Aug. 26	Latest	Previous Close
£ Spot	1.6145-1.6155	1.6165-1.6175
1 month	0.46-0.44 pm	0.45-0.44 pm
3 months	1.33-1.30 pm	1.31-1.30 pm
12 months	4.55-4.45 pm	4.52-4.47 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Aug 26	Previous
8.30 am	72.2	72.4
9.00 am	72.2	72.3
10.00 am	72.2	72.3
11.00 am	72.0	72.3
Noon	72.0	72.4
1.00 pm	72.0	72.3
2.00 pm	71.9	72.3
3.00 pm	72.0	72.3
4.00 pm	72.0	72.2

CURRENCY RATES

Aug. 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.79675	0.702840
U.S. Dollar	5½	1.2859	1.13122
Canadian $	8.75	*	1.49457
Austrian Sch.	4	N/A	14.5701
Belgian Franc	7¾	*	43.0486
Danish Kroner	7	*	7.95927
Deutsche Mark	3.0	2.3479	2.07149
Neth. Guilder	4½	N/A	2.33428
French Franc	9½	7.8404	6.91572
Italian Lira	11.5	N/A	1499.15
Japanese Yen	2½	184.25	162.217
Norway Krone	8	N/A	7.60011
Spanish Peseta	—	*	139.140
Swedish Krona	7½	*	7.25679
Swiss Franc	3.5	*	1.70702
Greek Drach.	20½	*	157.195
Irish Punt	—	*	0.774809

*CS/SDR rate for Aug. 25: 1.70031.

CURRENCY MOVEMENTS

Aug. 26	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.0	−21.4
U.S. Dollar	101.6	−5.6
Canadian Dollar	78.3	−10.0
Austrian Schilling	137.0	+10.1
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Aug. 26	£	$
[illegible]	[illegible]	[illegible]
Kuwait	0.45280-0.45330	0.28160-0.28170
Luxembourg	61.30-61.40	39.70-38.00
Malaysia	4.0585-4.0690	2.5175-2.5225
Mexico	2390.60-2398.55	1482.00-1486.00
N. Zealand	2.6850-2.6900	1.6665-1.6685
Saudi Ar.	6.0300-6.0345	3.7500-3.7505
Singapore	3.3970-3.4010	2.1070-2.1080
S. Af. (Cm)	3.3215-3.3375	2.0640-2.0685
S. Af. (Fn)	5.5575-5.7555	3.4485-3.5715
Taiwan	48.50-48.75	30.05-30.15
U.A.E.	5.9055-5.9105	3.6725-3.6735

*Selling rate

POUND SPOT—FORWARD AGAINST THE POUND

August 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6070-1.6255	1.6165-1.6175	0.47-0.44c pm	3.38	1.37-1.32 pm	3.33
Canada	2.1280-2.1390	2.1350-2.1360	0.21-0.11c pm	0.90	0.68-0.55 pm	1.15
Netherlands	3.32-3.33¾	3.32-3.33	1½-1¼c pm	4.96	4⅝-4¼ pm	5.11
Belgium	61.19-61.42	61.30-61.40	24-17c pm	4.01	64-54 pm	3.85
Denmark	11.32-11.37¼	11.33½-11.34½	¼ pm-½ ore dis	−0.40	¼pm-1½dis	−0.13
Ireland	1.1019-1.1050	1.1019-1.1029	0.08 pm-0.01 dis	−0.38	0.19 pm-0.01dis	−0.39
W. Germany	2.94½-2.95¼	2.94½-2.95½	1½-1¼pf pm	6.61	4⅞-4⅝ pm	6.44
Portugal	230.70-232.22	231.27-232.22	68-122 c dis	−4.92	219-300 dis	−4.48
Spain	198.07-198.91	198.48-198.77	86-118c dis	−6.16	197-246 dis	−4.46
Italy	2130½-2140¾	2137¼-2138¼	4-7lire dis	−3.09	14-19dis	−3.09
Norway	10.81¼-10.87½	10.81¼-10.82¾	3¼-4ore dis	−4.02	10¼-11 dis	−3.92
France	9.83½-9.87¼	9.86¼-9.87¼	2¾-1¾c pm	2.28	5¼-4¾pm	1.95
Sweden	10.32¾-10.36¼	10.35¼-10.36¼	1-¾ ore pm	0.94	3¼-2½ pm	1.09
Japan	230¾-231¼	230¾-231¾	1¼-1⅛ y pm	6.49	3⅞-3⅝ pm	6.49
Austria	20.72-20.82	20.79-20.82	11½-9¾ gro pm	6.06	32½-30¼ pm	5.98
Switzerland	2.42½-2.43¾	2.42¾-2.43¾	1½-1¼ c pm	6.78	4¼-3¾ pm	6.68

Belgian rate is for convertible francs. Financial franc 61.80-61.90. Six-month forward dollar 2.69-2.64 c pm. 12-month 4.65-4.55 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Aug. 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6070-1.6225	1.6165-1.6175	0.47-0.44c pm	3.38	1.37-1.32 pm	3.33
Ireland†	1.4580-1.4650	1.4640-1.4650	0.27-0.22c pm	2.01	0.93-0.80 pm	2.37
Canada	1.3190-1.3230	1.3215-1.3225	0.25-0.28c pm	2.41	0.68-0.71pm	2.11
Netherlands	2.0550-2.0660	2.0560-2.0570	0.30-0.27c pm	1.66	0.92-0.88pm	1.75
Belgium	37.85-38.10	37.90-38.00	3pm-par	0.47	7-2pm	0.47
Denmark	7.00¾-7.04¾	7.01-7.01½	1.25-1.95ore dis	−2.74	4.10-4.85 dis	−2.56
W. Germany	1.8250-1.8355	1.8245-1.8255	0.46-0.43pf pm	2.92	1.42-1.37pm	3.06
Portugal	143½-144	143¾-143¾	85-115c dis	−8.39	260-310 dis	−7.97
Spain	122.60-123.20	122.70-122.80	90-105c dis	−9.52	235-265 dis	−8.14
Italy	1320-1327	1321¾-1322¼	6.70-7.70lire dis	−6.54	20.50-22.50dis	−6.51
Norway	6.68¾-6.72¾	6.68¾-6.69¼	3.75-4.25ore dis	−7.15	11.90-12.40dis	−7.26
France	6.09-6.12	6.10-6.10½	0.55-0.65c dis	−1.18	1.95-2.25 dis	−1.38
Sweden	6.39½-6.42¾	6.40¼-6.40¾	1.05-1.35ore dis	−2.25	3.40-3.80 dis	−2.25
Japan	142.40-143.70	143.00-143.10	0.40-0.37y pm	3.23	1.12-1.07 pm	3.07
Austria	12.82½-12.88¾	12.85-12.85½	3.00-2.60gro pm	2.62	9.00-8.00 pm	2.65
Switzerland	1.5015-1.5115	1.5030-1.5040	0.46-0.41c pm	3.47	1.28-1.23 pm	3.34

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.20-38.30.
*Correction for Aug. 25 Belgian Spread 37.75-37.95. Close 37.85-37.95

EURO-CURRENCY INTEREST RATES

Aug. 26	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9⅝-9⅞	9⅝-9⅞	9⅞-9⅝	10⅛-10⅜	10⅝-10⅜	10⅞-10⅝
U.S. Dollar	6⅞-6¾	6⅞-6⅝	6⅞-6⅝	7-6⅞	7⅛-7⅛	7⅝-7⅜
Can. Dollar	8⅝-8⅞	8⅝-8⅜	8⅞-8⅝	9⅛-8⅞	9⅜-9⅛	9⅞-9⅝
D. Guilder	2⅝-2⅜	5-4⅞	5⅛-5⅜	5⅛-5⅜	5⅜-5⅛	5⅝-5⅜
Sw. Franc	⅞-½	7⅛-6⅞	3⅝-3⅜	3⅞-3⅝	4-3⅞	4-3⅞
Deutschmark	3⅞-3⅝	3⅞-3⅝	3⅞-3⅝	4-3⅞	4⅛-4⅛	4⅛-4⅛
Fr. Franc	7⅛-7⅛	7⅝-7⅜	7⅞-7⅝	8⅛-8⅜	8⅞-8⅝	9⅛-9⅛
Italian Lire	12½-10½	12¼-10¾	13⅝-13⅜	13⅝-13⅜	13⅛-12⅞	12⅞-12⅝
B. Fr. (Fin.)	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛	6⅝-6⅝	7⅛-7	7⅝-7⅛
B. Fr. (Con.)	6½-6	6⅝-6⅛	6⅝-6⅝	7-6⅞	7⅛-7	7⅝-7⅛
Yen	3⅞-3⅝	3⅞-3⅝	3⅞-3⅞	4⅛-4	4⅛-4⅛	4⅝-4⅛
D. Krone	9⅞-9½	10-9⅝	10⅛-9⅞	10⅝-10	10½-10⅛	10⅝-10⅜
Asian $Sing	6⅞-6⅝	6⅞-6⅝	6⅞-6⅝	7⅛-6⅞	7⅛-7⅛	7⅝-7⅜

Long-term Eurodollars: Two years 8⅛-8⅛ per cent; three years 8⅝-8⅜ per cent; four years 8⅞-8⅞ per cent; five years 9⅛-9⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug. 26	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	4.324	6.992	12.76	1000.	42.67	10.[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.013	1.639	2.990	234.4	10.	2.4[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.411	0.665	1.213	95.07	4.057	1.	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	0.301	0.486	0.887	69.55	2.968	0.7[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.468	0.756	1.380	108.2	4.616	1.1[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.468	0.757	1.381	108.3	4.621	1.1[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.630	2.636	4.808	376.9	16.00	3.9[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts continue to weaken

GILT FUTURES lost ground in the London International financial futures exchange yesterday, reflecting poor sentiment for sterling before the long weekend and statistics due for release next week. The pound was weaker ahead of next week's trade figures and the release of final money supply data.

Traders were anxious to see the breakdown on last month's £4.9bn rise in bank lending. In addition sterling came under pressure as traders switched their attention from a recently weak dollar after indications that some central banks would act to arrest its recent fall.

Cash gilts were lower by around £½ and the December futures price slipped to 113-12 from 114-00 on Tuesday, having opened at 113-20. During the day it touched a high of 113-26 and a low of 112-08. Traders noted a gradual switch from September trading to December and the latter just attracted the greater volume.

Three-month sterling deposits acted in much the same way, opening at 89.17 for December delivery and touching a low of 89.32 before closing at 89.35 down from 89.44 previously.

US Treasury bonds traded within a narrow range, opening at 89-23 for September delivery, up from 89-15 on Tuesday and slipping to a low of 89-13 before closing at 89-14. The steadier note reflected renewed confidence in the dollar's ability to maintain current levels, following comments by US ad Japanese officials. However, some traders were sceptical because there was little evidence of any contraction in the trade and budget deficits and this was suggested as a reason for a further downward correction in the dollar's value.

Japanese Government bonds finished firmer in very thin trading, closing at 105.87 for December delivery from 105.24 on Tuesday.

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
116	1.27	2.24	3.51	4.42
118	0.54	1.45	5.14	5.63
120	0.31	1.12	6.55	7.30
122	0.18	—	8.42	—
124	0.09	—	10.33	—
126	0.05	—	12.29	—
128	0.02	—	14.26	—
130	0.01	—	16.25	—

Estimated volume total, Calls 1,522 Puts 395
Previous day's open int: Calls 13,507 Puts 7,736

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
80	8.37	—	0.05	—
82	6.46	6.21	0.14	0.45
84	5.00	4.54	0.32	1.14
86	3.32	3.36	1.00	1.60
88	2.05	2.33	1.37	2.57
90	1.03	1.45	2.35	4.05
92	0.32	1.07	4.00	5.31
94	0.14	0.44	5.46	7.04

Estimated volume total, Calls 30 Puts 10
Previous day's open int: Calls 379 Puts 204

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Aug.	Calls-Last Sept.	Puts-Last Aug.	Puts-Last Sept.
22250	6.15	11.15	4.75	5.25
22500	4.95	9.71	6.05	6.31
22750	3.90	8.40	7.50	7.50
23000	3.05	7.25	9.15	8.85
23250	2.32	6.18	10.92	10.28
23500	1.85	5.24	12.95	11.84
23750	1.38	4.40	14.98	13.50
24000	1.81	3.67	17.11	15.27

Estimated volume total, Calls 15 Puts 9
Previous day's open int: Calls 256 Puts 180

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls Sept.	Calls Oct.	Calls Nov.	Calls Dec.	Puts Sept.	Puts Oct.	Puts Nov.	Puts Dec.
1.45	16.30	16.30	16.30	16.30	0.00	0.00	0.03	0.12
1.50	11.30	11.30	11.30	11.30	0.00	0.04	0.22	0.49
1.55	6.30	6.30	6.30	6.30	0.03	0.42	0.97	1.52
1.60	1.82	2.44	2.90	3.24	0.77	1.92	2.81	3.57
1.65	0.15	0.65	1.08	1.43	4.30	5.13	5.99	6.76
1.70	0.00	0.11	—	0.52	8.95	9.59	—	10.85
1.75	0.00	—	—	0.16	13.95	—	—	15.49

Estimated volume total, Calls 0. Puts 0
Previous day's open int. Calls 273 Puts 1,026

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls Sept.	Calls Oct.	Calls Nov.	Calls Dec.	Puts Sept.	Puts Oct.	Puts Nov.	Puts Dec.
1.45	12.70	—	—	12.90	1.50	—	—	2.70
1.50	12.00	12.00	12.00	12.00	0.20	0.30	0.50	0.60
1.55	7.00	7.00	7.05	7.15	0.20	0.60	1.00	1.45
1.60	2.80	3.10	3.50	3.80	1.00	1.95	2.65	3.30
1.65	0.45	1.05	1.45	1.75	3.90	4.90	5.45	6.25
1.70	0.20	0.50	0.60	0.70	8.65	9.20	9.25	10.20
1.75	0.50	—	—	1.20	15.30	—	—	16.50

Previous day's open int: Calls 846 Puts 154
Volume: 156

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls Sept.	Calls Oct.	Calls Nov.	Calls Dec.	Puts Sept.	Puts Oct.	Puts Nov.	Puts Dec.
1.500	11.40	11.40	11.40	11.40	—	—	0.20	0.40
1.525	8.90	8.90	8.90	8.90	—	0.10	0.40	0.75
1.550	6.50	6.50	6.60	6.80	0.10	0.40	0.90	1.35
1.575	4.00	4.25	4.60	4.90	0.25	1.05	1.50	2.05
1.600	2.25	2.75	3.20	3.50	0.70	1.85	2.35	3.10
1.625	0.80	1.60	2.05	2.25	1.90	2.95	—	4.45
1.650	0.25	0.80	1.30	1.60	3.65	4.85	5.55	6.35

Previous day's open int: Calls N/A Puts N/A
Previous day's volume: Calls N/A Puts N/A

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls Sept.	Calls Dec.	Calls Mar.	Calls June	Puts Sept.	Puts Dec.	Puts Mar.	Puts June
91.50	1.36	0.92	0.79	0.77	0.00	0.08	0.27	0.53
91.75	1.10	0.72	0.63	0.63	0.00	0.13	0.36	0.64
92.00	0.85	0.53	0.48	0.50	0.00	0.19	0.46	0.76
92.25	0.60	0.37	0.36	0.39	0.00	0.28	0.59	0.90
92.50	0.36	0.25	0.26	0.30	0.01	0.39	0.74	1.06
92.75	0.15	0.15	0.18	0.22	0.05	0.56	0.91	1.23
93.00	0.03	[illegible]	0.12	0.16	0.18	0.74	1.10	1.42

Previous day's open int: Calls 2,347 Puts 2,978
Estimated volume, Calls 20 Puts 0

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	113-12	113-26	113-08	114-00
Dec.	113-20	114-00	113-16	114-05
March	113-23	—	—	—

Estimated volume 42,464 (27,537)
Previous day's open int. 31,602 (32,433)

6% NOTIONAL LONG TERM JAPANESE GOVT BOND
[illegible]

	Close	High	Low	Prev.
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY FUTURES

	[illegible]
[illegible]	[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Sept.	89-18	89-26	89-16	89-23
Dec.	88-20	88-28	88-18	88-24
Mar.	87-23	87-31	87-23	87-28
June	86-29	87-02	86-29	87-01
Sept.	86-04	86-11	86-04	86-08
Dec.	85-13	85-20	85-13	85-17
Mar.	—	—	—	84-27
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sept.	0.7005	0.7006	0.6968	0.6981
Dec.	0.7056	0.7056	0.7020	0.7033
Mar.	—	—	—	0.7088
June	0.7145	0.7145	0.7145	0.7145

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	0.5475
[illegible]	[illegible]	[illegible]	[illegible]	0.5517
[illegible]	[illegible]	[illegible]	[illegible]	0.5559
[illegible]	[illegible]	[illegible]	[illegible]	0.5605

THREE-MONTH TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	92.85
[illegible]	[illegible]	[illegible]	[illegible]	92.36
[illegible]	[illegible]	[illegible]	[illegible]	92.02
[illegible]	[illegible]	[illegible]	[illegible]	91.73
[illegible]	[illegible]	[illegible]	[illegible]	91.48
[illegible]	[illegible]	[illegible]	[illegible]	91.26
[illegible]	[illegible]	[illegible]	[illegible]	91.06
[illegible]	[illegible]	[illegible]	[illegible]	90.86

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	338.40
[illegible]	[illegible]	[illegible]	[illegible]	341.30
[illegible]	[illegible]	[illegible]	[illegible]	344.00
[illegible]	[illegible]	[illegible]	[illegible]	346.80

MONEY MARKETS

UK rates firmer on weak pound

INTEREST RATES were slightly firmer in the London money market yesterday. The rise reflected uncertainty ahead of the long weekend and the release next week of UK trade figures and final money supply figures.

The uncertainty also affected sterling which lost ground and rates were marked up as a defensive move. Three-month interbank money was quoted at 10⅞-10⅛ per cent from 10⅛-10⅜ per cent while the one year rate rose to 11-10¾ per cent from 10⅞-10⅝ per cent. Overnight money opened around 9½ per cent and was quoted at 8 per cent around lunchtime before finishing at 7 per cent.

UK clearing bank base lending rate 10 per cent since August 7

The Bank of England forecast a surplus of around £100m with factors affecting the market including bills maturing in official hands and the repayment of any late assistance together with a take up of Treasury bills draining £199m and a rise in the note circulation of £145m. These were more than offset by Exchequer transactions which added £395m and banks' balances brought forward £50m above target.

The forecast was revised to a shortage of around £200m and the Bank gave assistance in the morning of £240m through outright purchases of £7m of eligible bank bills in band 3 at 9⅞ per cent and in band 4 £85m of Treasury bills, £17m of local authority bills and £131m of eligible bank bills, all at 9⅞ per cent.

There was no further assistance given in the afternoon.

In Frankfurt call money rose to 3.80 per cent from 3.70 per cent as seasonal and end of month factors created a drain on short term liquidity. This was in spite of Tuesday's injection of DM 8.1bn by the Bundesbank through its latest sale and repurchase agreement at a fixed rate of 3.60 per cent.

Further demand for short-term funds was created by commercial banks, seeking funds to meet end of month requirements.

Banks recorded balances of DM 43.2bn on Monday, down from DM45.6bn on Friday. Funds were also drained by pension payments and settlement for latest 10-year Government bond which was expected to account for DM 3.2bn. While call money remains below 4 per cent, dealers were not expecting any intervention by the Bundesbank but most expected the authorities to act through swaps or a further injection of funds if rates rose above this level.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 26) 3 months U.S. dollars		6 months U.S. dollars	
bid 7	offer 7	bid 7¼	offer 7¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds	
Prime rate	8¼	One month	5.44
Broker loan rate	7¾	Two month	6.17
Fed. funds	6⅞	Three month	6.34
Fed funds at intervention	6⅞	Six month	6.50
		One year	7.62
		Two year	[illegible]
		Three year	[illegible]
		Five year	[illegible]
		Seven year	[illegible]
		10 year	[illegible]
		30 year	[illegible]

Aug. 26	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Aug. 26	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 9⅝ per cent; three-months 9⅝ per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.8406 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1987. Agreed rates for period August 26 to September 22 1987, Scheme I: 10.59 p.c., Schemes II & III: 10.49 p.c. Reference rate for period July 1 to July 31, 1987. Scheme IV: 9.238 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ per cent from August 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¾ per cent; three-six months 9¾ per cent; six-nine months 9¾ per cent; nine-12 months 10¼ per cent; Under £100,000 8 per cent from August 18. Deposits withdrawn for cash 5 per cent.

Company Notices

Art Galleries

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY AUGUST 26 1987					TUESDAY AUGUST 25 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (93)	159.65	+0.7	146.38	148.98	2.46	158.62	145.30	147.38	159.65	99.92	75.25
Austria (16)	96.26	−1.0	88.26	91.36	2.27	97.19	89.03	91.94	101.62	85.53	93.25
Belgium (48)	132.55	−0.7	121.53	125.03	3.80	133.49	122.28	125.59	134.89	96.19	88.25
Canada (129)	138.40	−1.0	126.89	132.48	2.20	139.81	128.07	133.59	141.78	100.00	98.29
Denmark (39)	124.21	+2.7	113.89	118.47	2.34	120.97	110.81	115.33	124.21	98.18	93.59
France (121)	112.57	+1.6	103.21	107.75	2.62	110.74	101.45	105.88	121.82	98.39	99.72
West Germany (92)	103.56	−0.1	94.95	98.25	1.93	103.69	94.99	98.28	104.87	84.00	96.49
Hong Kong (45)	142.11	+2.4	130.30	142.46	2.59	138.82	127.16	139.13	142.69	96.89	77.29
Ireland (14)	141.39	+1.1	129.63	136.03	3.30	139.88	128.13	134.40	145.41	99.50	82.26
Italy (76)	84.87	+0.8	77.81	83.79	2.18	84.22	77.15	83.03	112.11	84.22	105.83
Japan (458)	151.51	+0.5	138.91	137.00	0.49	150.72	138.06	136.43	161.28	100.00	99.49
Malaysia (36)	185.41	−0.5	170.00	179.95	2.06	186.35	170.70	180.91	193.64	98.24	87.91
Mexico (14)	338.02	+0.5	309.92	548.45	0.55	336.46	308.20	544.44	358.02	99.72	63.24
Netherland (37)	130.86	+0.0	119.98	122.82	3.66	130.86	119.87	122.74	131.41	99.65	100.24
New Zealand (24)	123.15	−0.6	112.92	109.05	2.75	123.88	113.48	108.92	125.32	83.93	71.63
Norway (24)	162.82	−3.5	149.28	147.85	1.84	168.69	154.52	153.35	172.79	100.00	104.15
Singapore (27)	173.80	−0.3	159.36	168.80	1.46	174.28	159.65	169.26	174.28	99.29	90.70
South Africa (61)	175.69	+1.2	161.08	134.78	3.08	173.66	159.08	134.41	198.09	100.00	83.61
Spain (43)	149.57	+0.9	137.13	139.09	2.85	148.24	135.79	137.79	149.57	100.00	96.29
Sweden (33)	127.34	−0.7	116.75	120.74	1.93	128.21	117.44	121.28	130.84	90.85	95.25
Switzerland (53)	108.11	+0.3	99.12	100.77	1.65	107.84	98.78	100.52	109.22	92.01	94.19
United Kingdom (335)	148.66	+0.0	136.30	136.30	3.25	148.71	136.23	136.23	162.87	99.65	97.26
USA (590)	136.62	−0.6	125.27	136.62	2.68	137.42	125.88	137.42	137.42	100.00	105.69
Europe (931)	124.81	+0.2	114.44	116.81	2.81	124.56	114.10	116.46	128.35	99.78	97.82
Pacific Basin (683)	151.48	+0.6	138.89	137.56	0.64	150.64	137.99	136.90	158.77	100.00	97.80
Euro—Pacific (1614)	140.89	+0.4	129.18	129.32	1.41	140.28	128.50	128.78	143.65	100.00	97.81
North America (719)	136.72	−0.6	125.35	136.42	2.66	137.55	126.00	137.23	137.55	100.00	105.30
Europe Ex. UK (596)	110.02	+0.4	100.88	104.75	2.44	109.58	100.38	104.21	110.41	98.02	98.19
Pacific Ex. Japan (225)	151.21	+1.0	138.65	144.19	2.45	149.71	137.14	142.35	151.21	99.92	76.73
World Ex. US (1818)	141.31	+0.4	129.56	129.76	1.45	140.76	128.94	129.28	143.38	100.00	97.63
World Ex. UK (2073)	138.56	+0.0	127.04	132.13	1.78	138.52	126.89	132.12	138.82	100.00	101.12
World Ex. So. Af. (2347)	139.21	+0.0	127.64	132.45	1.91	139.20	127.51	132.44	139.45	100.00	100.88
World Ex. Japan (1950)	133.69	−0.3	122.58	130.22	2.70	134.03	122.77	130.50	134.03	100.00	101.38
The World Index (2408)	139.45	+0.0	127.85	132.50	1.92	139.42	127.71	132.49	139.67	100.00	100.77

Base values: Dec 31, 1986 = 100

Day's Change for Austria based on August 21 prices.

EUROPEAN OPTIONS EXCHANGE

Series		Nov 87 Vol.	Last	Feb 88 Vol.	Last	May 88 Vol.	Last	Stock
GOLD C	$420	9	46.50	—	—	—	—	$458.00
GOLD C	$500	39	8	17	15.50	—	—	"
GOLD C	$520	41	4.50	10	12	—	—	"
GOLD P	$440	18	6	3	10.50	—	—	"
GOLD P	$460	6	13.20	2	19	—	—	"
		Sep 87		Dec 87		Mch 88		
SILVER C	$800	7	24	10	64	—	—	$773
SILVER C	$900	—	—	50	30	50	70A	"
SILVER C	$950	—	—	—	—	5	45	"
		Sep 87		Oct 87		Nov 87		
$/FL C	Fl.330	5	3.80A	3	4	—	—	Fl.332.28
		Sep 87		Oct 87		Nov 87		
$/Fl C	Fl.200	28	6.90	1	6.70	—	—	Fl.206.10
$/Fl C	Fl.205	77	2.70	692	3.80	46	4.40	"
$/Fl C	Fl.210	68	1	168	2	20	2.60	"
$/Fl C	Fl.215	3	0.10	—	—	40	1.10	"
$/Fl P	Fl.200	—	—	5	1.20	—	—	"
$/Fl P	Fl.205	11	1.40	25	2.70	—	—	"
$/Fl P	Fl.210	21	4.90	2	6	—	—	"
$/Fl P	Fl.220	10	13.80	—	—	—	—	"
		Dec 87		March 88		Jun 88		
$/Fl C	Fl.200	20	7.70	2	9.30	11	9.80	Fl.206.10
$/Fl C	Fl.205	79	5.30	16	6.50	64	7.40	"
$/Fl C	Fl.210	15	3.30	3	4.60	56	5.50	"
$/Fl C	Fl.215	25	2	—	—	29	3.90	"
$/Fl C	Fl.220	3	1.20	13	2	—	—	"
$/Fl P	Fl.195	90	1.20	—	—	—	—	"
$/Fl P	Fl.200	13	2.60	50	4.50	—	—	"
$/Fl P	Fl.210	5	7.20	—	—	—	—	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.52	4092	1.90	615	4	55	5.10A	Fl.51.60
ABN P	Fl.50	130	1	269	1.80	1	2.20B	"
AEGON C	Fl.105	423	1.70	78	4	61	6	Fl.100
AEGON P	Fl.100	108	3.50B	35	5.50	—	—	"
AHOLD C	Fl.115	108	3.20	4	6	—	—	Fl.109.10
AHOLD P	Fl.110	51	4.50	—	—	—	—	"
AHOLD P	Fl.90.90	5	0.80	—	—	—	—	"
AKZO C	Fl.180	1346	6.80	556	11.30	6	15.70	Fl.177.30
AKZO P	Fl.170	388	3.20A	82	6.50	7	7.60	"
AMEV C	Fl.65	263	6.30	10	9	—	—	Fl.70.80
AMEV P	Fl.70	193	2.50	64	3.90	—	—	"
AMRO C	Fl.85	669	7.70	108	10.30	4	12.50A	Fl.90.20
AMRO P	Fl.85	222	1.10	5	2.70	20	3.90	"
ELSEVIER C	Fl.65	202	3.10	52	5.50	114	7.80	Fl.61.70
ELSEVIER P	Fl.60	201	2.80	10	3.60	—	—	"
GIST-BROC.C	Fl.55	339	1.30	901	2.60	191	3.50	Fl.50.10
GIST-BROC. P	Fl.50	769	2.60	351	3.60	20	5	"
HEINEKEN C	Fl.190	73	10	21	17.10	—	—	Fl.194.30
HEINEKEN P	Fl.180	41	2.80B	21	5.30B	3	6.50	"
HOOGOVENS C	Fl.50	135	0.30B	—	—	—	—	Fl.49.20
HOOGOVENS P	Fl.40	216	0.30	—	—	—	—	"
KLM C	Fl.55	433	3	52	5.40	43	6.70	Fl.55.30
KLM P	Fl.50	2	0.50	305	1.70	—	—	"
NEDLLOYD C	Fl.180	99	15	36	21.50	4	26.50	Fl.186
NAT.NED. P	Fl.80	175	3	23	4.50B	4	5	Fl.80.60
PHILIPS C	Fl.60	150	0.60	1003	1.80	47	2.80	Fl.53
PHILIPS P	Fl.50	32	0.70	88	1.90	91	3	"
ROYAL DUTCH C	Fl.300	940	2.10B	215	7	—	—	Fl.276.50
ROYAL DUTCH P	Fl.280	264	11	19	13.50B	1	15	"
ROBECO C	Fl.120	2	1.30	30	3.80	4	5	Fl.114.40
ROBECO P	Fl.110	—	—	—	—	12	3.90	"
UNILEVER C	Fl.150	6220	4.50	366	9.50	14	12	Fl.145
UNILEVER P	Fl.140	150	2.50	108	5.20	5	7.50	"

TOTAL VOLUME IN CONTRACTS: 51,026

A=Ask B=Bid C=Call P=Put

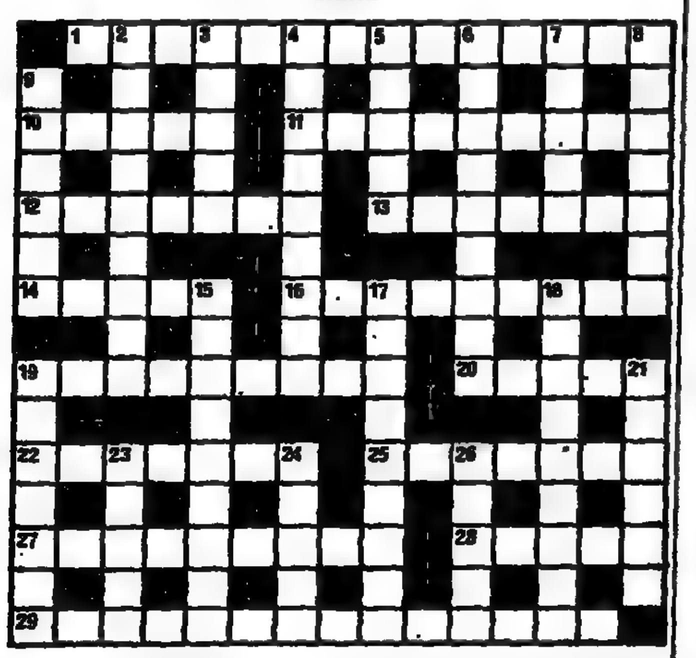
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred.	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'antee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'r'l Tst C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williams Secs	10
Banco de Bilbao	10	Financial & Gen. Sec.	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	10	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	10	UDT Mortgage Exp.	†11.1
Bank Credit & Comm	10	● Robert Fleming & Co.	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank. Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co.	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sunrise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. † Mortgage base rate. § Demand deposit 4.98%. Mortgage 10.5%.

FT CROSSWORD PUZZLE No. 6,415

DANTE



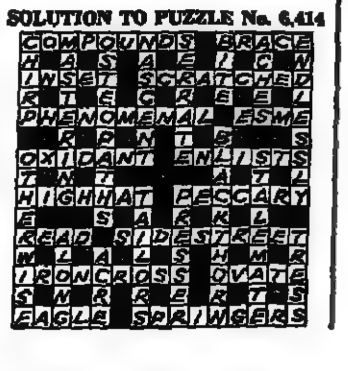
ACROSS

1 What to do at a celebration launch? (4, 3, 4, 3)
10 Passage from a small island (5)
11 It's a rum job repairing it (9)
12 Stay longer than most at the wicket? (7)
13 Chap concealing a weapon in his clothing (7)
14 A number love to be included in break dance (5)
16 React in an odd way, unaware of what's going on (2, 1 6)
19 Hot air raised by man on the board (9)
20 Joined in a Chinese wedding ceremony (5)
22 Brave uncles? (7)
25 Not a change for the better (7)
27 Dead Roman exchanged for wife of Perseus (9)
28 Bird you shouldn't have indoors? (5)
29 Guess it's equally warm at night (1, 4, 2, 3, 4)

DOWN

2 Not fine, but outstanding (9)
3 He may be spotted, laughing (5)
4 Ruin the hock (9)
5 Fetch a note round (5)
6 The scent of the whale? (9)
7 Talk or possibly eat (5)
8 Scene of operations (7)
9 Something lyrical about a redhead's garment (6)
15 Exhausted, didn't work, dismissed (6, 3)
17 Results of changes at the farm (9)
18 Spread of intelligence (9)
19 A slap-up resort in Sweden (7)
21 Young female accompanist (6)
23 A number enter with a measure (5)
24 Hard back (5)
26 Bound to have spirit (5)

SOLUTION TO PUZZLE No. 6,414



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	120.0	126.9	+2.1	1.26
(Accum Units)	125.6	132.9	+2.3	1.26
British Blue Chip Fund	51.4	54.1	+0.1	2.32
(Accum Units)	51.6	54.3	+0.1	2.32
American Sp Cos Fd	54.5	57.6	+0.2	0.44
(Accum Units)	54.5	57.6	+0.2	0.44
American Income	54.2	57.3	+0.8	4.01
(Accum Units)	59.0	62.4	+0.9	4.01
European Growth	156.7	165.8	-0.2	2.17
(Accum Units)	163.6	173.1	-0.2	2.17
European Income	84.3	89.2	+0.0	3.36
(Accum Units)	69.6	73.7	-0.1	3.36
General	377.1	399.0	+2.4	1.31
(Accum Units)	626.3	662.7	+4.0	1.31
Gilt	85.8	86.2	-0.2	8.47
(Accum Units)	102.1	102.6	-0.2	8.47
Global Fund	53.2	56.2	+0.6	0.65
(Accum Units)	53.2	56.2	+0.6	0.45
High Interest Fund	43.0	45.4	-0.4	9.89
(Accum Units)	43.2	45.8	-0.3	9.89
High Income Fund	52.5	55.6	+0.1	4.71
(Accum Units)	53.3	56.5	+0.1	4.71
Income	125.4	132.6	+0.1	2.64
(Accum Units)	143.8	152.1	+0.2	2.64
International	321.3	339.9	+4.0	1.38
(Accum Units)	402.0	425.3	+5.0	1.39
Japan	220.3	233.1	+2.0	0.55
(Accum Units)	226.2	239.3	+2.1	0.55
Pacific Fd	59.7	63.1	+0.6	0.10
(Accum Units)	59.7	63.1	+0.6	0.10
Recovery	319.5	338.0	+0.1	1.27
(Accum Units)	347.3	367.5	+0.1	1.27
UK Smaller Cos Fd	55.1	58.3	+0.1	1.69
(Accum Units)	55.6	58.8	-0.6	1.69
Exempt	349.4	358.9	----	2.25
(Accum Units)	552.6	566.7	----	2.25

Merlin Fund Mangmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Aug 26	629.5	637.5	-10.5	1.08

Metropolitan Unit Trust Mngrs Ltd
3 Dixies Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	62.7	66.6	-0.1	4.50
Accum Units	62.7	66.6	-0.1	4.50
UK Growth Fund Acc	62.2	66.1	+0.9	1.51
Global Income Fund	50.1	53.2	+0.2	3.76
Accum Units	50.1	53.2	+0.2	3.76
Global Growth Fund	52.1	55.4	+0.8	0.46

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	126.4	134.1	....	1.14
(Accum Units)	174.6	185.2	-0.1	1.14
Commodity & Gen.	195.4	207.3	+1.2	1.30
(Accum Units)	279.0	296.0	+2.0	1.30
European Growth	137.7	146.1	+1.3	0.93
(Accum Units)	166.2	176.3	+1.4	0.93
Extra High Inc.	73.6	78.0	....	6.38
(Accum Units)	90.6	96.1	....	6.38
Gilt & Fxd. Int.	51.9	54.2	-0.3	8.63
(Accum Units)	90.6	94.6	-0.5	8.63
High Yield	220.6	233.8	+0.5	4.14
(Accum Units)	389.7	413.5	+0.8	4.14
Income	244.7	259.6	+1.0	2.86
(Accum Units)	415.3	440.6	+1.6	2.86
Ind-High St UT	58.3	61.8	....	1.87
Do. Accum	58.3	61.8	....	1.87
Japan and Pacific	360.8	382.8	+5.6	0.09
(Accum Units)	379.2	402.3	+6.0	0.09
Managed Portfolio Acc	71.6	75.7	+0.5	1.22
North American	138.2	146.6	+2.3	1.07
(Accum Units)	166.9	177.1	+2.7	1.07
Smaller Cos.	210.2	223.0	+0.1	1.07
(Accum Units)	227.5	241.4	....	1.07

MIM Britannia Unit Tst Mgrs Ltd (a)(c)(g)
74-78 Finsbury Pavement, London EC2A 1JD
01-588 2777 Dealing only: 0800 010733

UK Specialist Trusts

[illegible]	62.5	63.5	+0.3	0.32
Smaller Companies	248.5	265.1	+0.1	0.25
Special Features	151.0	161.1	+1.2	0.74
(Accum Units)	158.4	169.0	+1.2	0.70

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	118.6	126.8	-0.1	1.02
PM Income and Growth	105.3	112.1	+0.2	2.95
PM N American Growth	62.9	66.9	+1.2	0.39
PM European Growth	51.0	54.2	+0.3	0.56
PM Japan Growth	76.2	81.0	+2.1	0.39
PM Overseas Growth	60.0	63.8	+0.8	0.43

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst.	82.7	87.5	+0.8	0.35
Holborn Equity Income	72.8	77.0	-0.1	3.34
Holborn Equity Tst.	588.7	622.9	+0.5	2.17
Holborn European Tst.	125.7	133.3	+0.2	.62
Holborn Gilt Tst.	204.1	212.9	-0.5	2.24
Holborn High Inc Tst.	89.0	94.1	-0.1	4.59
Holborn Intl Grth Tst.	128.4	135.8	+1.2	.64
Holborn Japanese Tst.	145.7	154.1	+1.6	0.04
Holborn N. Amer. Tst.	101.4	107.3	+1.1	.45
Holborn Sm Cos Tst.	79.9	84.5	+0.2	1.38
Holborn Spec Sits Tst.	104.2	110.3	-0.1	1.39
Holborn UK Growth Tst.	116.3	123.0	-0.1	1.52

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd.	654.9	693.1	----	1.41
Quadrant Income	321.6	340.4	----	3.91
Quadrant Intl. Fund	471.1	492.6	----	1.00
Quadrant Spec. Sits.	450.0	476.2	----	1.38

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	241.7	257.0	+0.5	2.35
Reliance Unit Tst (Inc)	167.2	177.8	+0.5	1.48
Reliance Ut Tst (Acc)	225.0	239.3	+0.7	1.48

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Intornat. Growth Trust	53.0	56.4	+0.5	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

NC America (Inc)	345.3	367.3	+1.4	0.75
NC America (Acc)	380.9	405.2	+4.8	0.75
NC Inc Fd.	124.8	132.7	+0.4	2.82
NC Japan Fd.	223.6	237.9	+2.6	0.0
NC Major UK Cos Fd.	70.6	75.1	+0.9	1.75
NC Smlr Australasian	93.5	99.4	+0.7	0.30
NC Smlr Canadian CoFd.	51.5	54.7	..	0.89
NC Smaller Cos	249.1	265.0	+1.5	0.87
NC Smaller European	205.3	218.4	+1.3	0.33
NC Prop.*	157.2	171.6	....	(z)

*Unauthorised Unit Trusts

Royal Bank of Canada Fds.
RBC Trust Managers Limited.
1, London Wall, London EC2Y 5JX. 01-600 6222

RBC Select Gwth Acc.	87.8	93.4	+0.8	—
RBC Select Income	81.5	86.7	+0.2	—
RBC Select Int Acc.	83.5	88.8	+0.2	—
RBC Select N. American	94.7	98.1	+0.5	—
RBC Select Intnl.	59.6	63.5	+0.4	—

Royal Life Fd Mgmt Ltd
PO Box 34, Peterborough PE2 0UE. 0733 290000

Equity Trust	84.4	89.5	+0.3	1.96
International Trust	99.1	104.8	+1.4	0.82
United States Trust	43.2	45.7	+0.6	0.72
Pacific Basin	61.7	65.2	+1.0	0.07
Gilt Trust	25.4	26.7	-0.1	9.99
Equity Gwth Accum	280.9	297.3	+2.6	1.64
Equity Growth Dist	197.1	208.6	+1.7	1.64
High Inc Accum	150.4	159.2	+0.7	3.28
High Inc Dist	123.7	130.9	+0.6	3.24
US Grwth Accum	76.5	81.0	+1.2	1.04
US Growth Dist	74.7	79.1	+1.2	1.04

Royal London Unit Tst Mgrs Ltd
Royal Ldn Hse, Colchester CO1 1RA 0206 576115

America Growth	107.8	114.7	+1.2	0.59
European Growth	58.9	62.7	+0.5	0.79

Standard Life Trust Mgmt. Ltd

Stewart Ivory Unit Trust Mgrs Ltd (a)

Sun Alliance Fund Management Ltd

Sun Life of Canada Unit Mgrs Ltd

Sun Life Trust Mgmt. Ltd

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)

TSB Unit Trusts (b) (c) (y)

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	441.8	465.1	.....	—
Property	282.3	297.2	.....	—
Equity	557.2	586.5	.....	—
Gilt Edged	348.3	366.6	.....	—
Deposit	205.5	216.3	.....	—
Investment	237.3	249.7	.....	—
International	446.0	469.5	.....	—
Pension Fund Prices				
Managed Init.		328.9	.....	—
Do. Accum.		404.3	.....	—
Property Init.		246.5	.....	—
Do. Accum.		302.4	.....	—
Equity Init.		431.0	.....	—
Do. Accum.		528.8	.....	—
Gilt-Edged Init.		221.8	.....	—
Do. Accum.		272.6	.....	—
Guaranteed Init.		158.6	.....	—
Do. Accum.		195.0	.....	—
International Init.		536.0	.....	—
Do. Accum.		658.2	.....	—
Index Lk. Gilt Init.		134.5	.....	—
Do. Accum.		165.2	.....	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 [redacted]71

Property	315.4	+0.2	—
Property Pens.	420.9	+0.5	—
Equity	196.4	+1.4	—
Equity Pens.	886.3	+8.4	—
Money Market	293.8	-0.8	—
Money Mkt. Pens.	528.6	-1.4	—
Deposit	238.2	+0.0	—
Deposit Pens.	380.4	+0.1	—
Managed	295.7	+1.1	—
Managed Pens.	569.3	+2.8	—
Intl. Equity	360.2	+1.7	—
Do. Pens.	586.6	+3.6	—
Intl. Managed	327.9	+1.5	—
Do. Pens.	489.4	+2.9	—
North American	140.9	+1.7	—
Do. Pens.	164.5	+2.9	—
Far East	304.5	+2.6	—
Do. Pens.	442.3	+3.8	—
Intnl. Currency	169.4	+0.1	—
Do. Pens.	218.5	+0.1	—
Index Linked	127.4	-0.3	—

National Provident Inst.—Contd.

	Bid	Offer	+ or −	Yield
Far East Initial	513.3	540.4	+4.8	—
Far East	614.9	647.3	+5.7	—
Prop. Initial	141.8	149.3	+0.3	—
Prop.	169.9	178.9	+0.3	—
Fixed Int. Initial	178.7	188.2	-0.7	—
Fixed Int.	214.6	225.9	-0.9	—
Indexed Gilt Initial	99.9	105.2	.....	—
Indexed Gilt	118.7	125.0	.....	—
Deposit Initial	135.1	142.3	.....	—
Deposit	163.9	172.6	.....	—
NPI Pensions Management Ltd				
Managed Fund	987.1	1005.2	.....	—

Prices August 3. Next dealing September 1.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

	Bid	Offer	+ or −	Yield
NUAM Funds				
Managed Fund	57.8	60.9	+0.2	—
Stock Market Mngt Fund	60.1	63.3	+0.3	—
Equity Fund	63.7	67.1	+0.1	—
International Fund	58.0	61.1	+0.7	—
European Fund	59.7	62.9	.....	—
North American Fund	53.2	56.0	+0.5	—
Pacific Fund	61.5	71.1	+0.9	—
Property Fund	52.0	54.8	.....	—
Fixed Interest Funds	47.5	50.0	-0.2	—
Index Linked Sec Fund	45.0	47.4	+0.1	—
Deposit Fund	51.1	53.8	.....	—
NUAM Retirement Plans				
Mixed Fund	61.8	65.1	+0.4	—
UK Ordinary Share	72.9	76.8	+0.6	—
International Fund	59.5	62.7	+0.3	—
Property Fund	52.0	54.8	.....	—
Fixed Interest Fund	49.3	51.9	-0.2	—
Index Linked Sec Fund	45.2	47.6	-0.1	—
Deposit Fund	53.2	56.0	.....	—
NUAM (MF)				
Managed Fund	793.3	835.1	+0.5	—
Equity Fund	1696.9	1786.3	+1.4	—
Property Fund	323.7	340.8	.....	—
Fixed Interest Fund	350.0	368.5	-1.2	—
Deposit Fund	208.5	219.5	+0.1	—
International Fund	150.0	158.5	+1.6	—
Index Linked Sec Fund	45.0	47.4	.....	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
[illegible]	[illegible]	Treas. 12pc 1987	[illegible]	...	11.97	10.15
[illegible]	[illegible]	Treas 7¼pc 1985-88‡‡	[illegible]	...	7.81	9.56
[illegible]	[illegible]	Exch 10½pc '88	100	[illegible]	10.50	10.41
[illegible]	[illegible]	Treas 9¾pc Cv '88	[illegible]	[illegible]	9.81	10.55
[illegible]	[illegible]	Transport 3pc '78-88	[illegible]	[illegible]	3.12	7.60
[illegible]	[illegible]	Treas. 9½pc '88	[illegible]	[illegible]	9.62	10.64
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]	[illegible]	11.38	10.63
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]	[illegible]	9.66	10.59
[illegible]	[illegible]	Treas 3pc 1989	[illegible]	[illegible]	3.24	7.65
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]	[illegible]	10.55	10.64
[illegible]	[illegible]	Exch 10pc 1989	[illegible]	[illegible]	10.15	10.65
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	[illegible]	10.93	10.66

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Bank Accounts

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241

Demand Acc	9.25	6.94	9.57	Qtr
Money Acc	9.05	6.87	9.57	Qtr
Client Plus Acc	9.12	6.84	9.44	Qtr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc	8.50	6.40	9.03	Mthly
£10,000 and above	8.75	6.58	9.29	Mthly

Western Trust & Savings Limited
The Moneycentre, Plymouth PL 1 5E 0752 224141

High Int Chq Acc	9.56	7.19	10.11	Qtr

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1A 7AE 01-606 9485

High Int Cheque Acc	10.00	7.50	10.61	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

Money Market Trust Funds

UNIT TRUST NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30¾	22⅞	Sara Lee $1	29⅛xd	+⅛	$1.00	—	2.1
11⅞	8⅞	Saul (B. F.) $1	11⅝xd	+⅛	20c	—	1.1
26⅛	19⅞	Southwestern Bell $1	26	+½	h$2.32	—	5.5
19	14¼	Staley Continental	18⅝	+¼	80c	—	2.6
44⅞	36⅛	Sun Co. Inc. $1	38⅞	+⅞	$3.00	—	4.7
42⅛	28⅛	TRW Inc. $0.625	40⅞	+1⅛	h$1.60	—	—
34⅞	25⅞	Tenneco $5	32⅞	+⅛	$3.04	—	5.7
202½	149½	Do. 10pcLn.Stk. 91-5	202½xd	....	10%	—	5.0
29⅞	17⅛	Texaco $6.25	26½xd	+½	$3.00	—	6.9
74⅞	47⅛	Time Inc. $1	70½xd	+⅞	$1.00	—	0.9
15⅛	11	Tracor $0.33	14¼	+⅛	40c	—	1.7
30¼	18⅞	Transamerica $1	28⅞	−⅛	$1.76	—	3.7
14⅞	922p	Transworld Corp $5	13⅛	−⅛	20c	—	0.9
49½	29⅛	TRINOVA Corp.	49½	+1	h$1.00	—	1.2
24⅞	15⅛	USX $1	23⅝	+⅛	$1.20	—	3.1
19⅞	15⅛	Union Carbide $1	19	+¼	$1.50	—	4.8
37⅞	26⅞	Utd. Technologies	35⅞xd	+⅞	$1.40	—	2.4
38⅞	27	US West	36⅞	+½	$3.28	—	5.5
30½	17⅛	Waste Management $1	29⅞	+⅛	—	—	—
£31⅞	£20½	Whirlpool $1.0	£24⅛	+⅛	—	—	—
37⅞	26	Woolworth $3½	34⅞	−⅛	$1.32	—	2.3

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
691p	373p	ABM Gold Corp	387p	+5	—	—	—
21½p	10p	Abbot Energy Corp.	22p	.....	—	—	—
15⅛	506p	Amer. Barrick Res.	14⅛xc	.....	—	—	—
122p	52p	Armeno	78p	−1	—	—	—
19⅞	14⅝	Bk. Montreal	15½	+⅛	$2.00	—	5.9
10½	745p	Bk. Nova Scot.	845p	+21	72c	—	3.9
20⅞	18	BCE	19⅛	+⅛	$2.40	—	5.6
10⅛	712p	Bow Valley	874p	−2	40c	—	—
20	12⅞	Brascan	19	.....	88c	—	2.1
609p	277p	Breakwater Res.	405p	+2	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

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LONDON SHARE SERVICE

INSURANCES—Continued

LEISURE

MOTORS

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	93	.....
Craig & Rose £1	588	.....
Finlay Pkg. 5p	113	+1
Holt (Jos) 25p	1085	.....
IoM Stm. £1	173	+10

IRISH

Fund 11¾% 1988	£100¾	.....
Nat. 9¾% 84/89	£97¾	.....
Fin. 13% 97/02	£105¾	.....
Arnotts	375	+30
CPI Hldgs	98	.....
Carroll Inds.	165	.....
Dublin Gas	28	+5
Hall (R. & H.)	130	.....
Heiton Hldgs.	51	.....
Irish Ropes	205	.....
Unidare	438xd	+5

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	20
BAT	55
BOC Grp.	45
BSR	17
BTR	30
Babcock	19
Barclays	52
Beecham	58
Blue Circle	50
Boots	25
Bowaters	50
Brit Aerospace	55
Brit. Telecom	32
Burton Ord	35
Cadburys	22
Charter Cons.	40
Comm Union	30
Courtaulds	45
FNFC	30
Gen Accident	95
GEC	24
Glaxo	280
Grand Met	55
GUS 'A'	175
Guardian	90
GKN	30
Hanson Tst.	15
Hawker Sidd	50
ICI	125
Jaguar	52
Ladbroke	40
Legal & Gen	32
Lex Service	45
Lloyds Bank	50
Lucas Inds.	62
Marks & Spencer	22
Midland Bk	55
Morgan Grenfell	35
NEI	12
Nat West Bk	65
P & O Dfd	65
Plessey	22
Polly Peck	28
Racal Elect	24
RHM	30
Rank Org Ord	70
Reed Intnl	45
STC	30
Sears	15
TI	34
TSB	16
Tesco	55
Thorn EMI	70
Trust Houses	24
Turner Newall	28
Unilever	300
Vickers	20
Wellcome	42
Property	
Brit Land	25
Land Securities	45
MEPC	42
Peachey	45
Oils	
Brit Petroleum	32
Britoil	32
Burmah Oil	45
Charterhall	6
Premier	11
Shell	128
Tricentrol	11
Ultramar	24
Mines	
Cons Gold	95
Lonrho	26
Rio T Zinc	90

A selection of Options traded is given on the London Stock Exchange Report Page.

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Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug 10	Aug 20	Aug 21	Sept 1
Aug 24	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5

* New time dealings may take place from 9.00 am two business days earlier.

Interest rate nervousness returns to unsettle both Government bonds and equities

Nervousness over the near-term outlook for domestic interest rates returned to unsettle the UK securities markets yesterday. Another fall in the pound, accompanied by higher rates in London money markets and a further rise in bond yields, checked an attempt by equities to extend this week's recovery.

The City's nervousness ahead of the UK trade figures for July, due on Tuesday, was compounded by rumours of bearish comments from major trading houses, although these did not always stand up to close investigation.

Citicorp/Scrimgeour Vickers warned clients that "the (official) case for . . . raising base rates now seems strong." But the market misread a low key reminder on interest rate pressures delivered at the morning trading meetin at Warburg Securities.

Equities opened 10 FT-SE points up but the gain vanished abruptly as interest rates concerns circulated in the marketplace. The sector was on the downside until the end of the day.

At the close, the FT-SE 100 index was up 1.5 at 2,249.6, while the FT Ordinary Index shed 10.3 to 1,758.2. Turnover remained very thin, with many Beta and Gamma stocks hardly tested.

Also discouraging for equities was the decision by the Department of Trade and Industry to postpone for six months the introduction of personal pension schemes. Shares in the life assurance companies turined down as analysts reassessed profit projections in the light of the news.

The market was helped at the close by firmness in oil shares as crude prices steadied from their recent falls. But turnover in the market leaders was still disappointing. **Imperial Chemical Industries** benefitted from weakness in the pound but the other exporting shares stayed in the doldrums.

Early firmness in the banking sector, seen by some analysts as a defensive sector in a nervous market was lost before the close of the session.

BAT Industries opened higher but could not match the best prices seen late on Tuesday when US tobacco issues soared on Wall Street in response to the latest product liability ruling in a Federal Court.

European stocks were generally quiet in London, with the exception of German issues which continued to respond well to bullish views on the US dollar. **BMW** stood out strongly after the board commented favourably on the profits outlook. South African gold shares advanced sharply on moves to settle the strike by black mineworkers.

Government bonds were easier throughout, turning off sharply in late dealings. The sector is very cautious ahead of next month which brings two sets of UK trade figures, as well as a large auction of Government stock.

Index-linked Gilts jumped half a point, underlining the renewed concern over the outlook for inflation. However, retail business remained thin in the fixed interest sector.

Marks and Spencer, provided a decidedly dull feature among Retailers, closing 10 lower at 225p with some 6.6m shares changing hands. The shares, now apparently looking unattractive to chartists, have recently also been subject to downgrading by a number of brokers.

However, Katharine Wynne at Chase Manhattan Securities, while anticipating that disappointing summer sales growth will restrict October's first-half profits to around £170m, continues to regard Marks as providing a "buying opportunity for the longer term" and still expects full-year profits to meet earlier expectations of £495m.

Wellcome firmed 22 to 464p in small volume, as sentiment was helped by receding fears of short-term competition for the company's Aids drug Retrovir.

The improvement followed remarks by Dr Michael Hall of Roche Products at the British Association For The Advancement Of Science meeting suggesting that a successor to Retrovir, at present the only drug licensed to treat Aids in Britain, is only about three years away.

Randsworth Trust were finally 18 higher at 258p, after 260p, following news that contracts had been exchanged for the purchase of two major property portfolios, the first from Mountleigh and the other from British Land for a combined consideration of some £132m to be financed by the issue of 10m new ordinary shares plus 50m 7 per cent Cumulative Convertible Redeemable Preference shares with the balance coming from the company's bankers. The news was also good for British **Land** which put on 3 to 329p, but left **Mountleigh** unmoved at 271p. The property leaders, after a firmer opening, eased back in the absence of any further buying interest. **Land Securities** settled a couple of pence off at 535p, after extremes of 538p and 530p. **MEPC** gave up 7 at 520p.

News that the DHSS has deferred its proposed moves on personal pensions for six months to July 1 1988 becauseof delays in implementing the Financial Services Act threw the life assurance sector into confusion. The sector opened on an extremely firm note and made further progress during the morning begore retreating sharply around midday when reports of the DHSS proposals first filtered into the market. Thereafter, heavy selling ensued and share prices "fell out of bed" according to one dealer, before staging a minor bounce towards the close of trading.

Alan D. Richards of securities house BZW said "the personal pensions boom will still happen but six months later than expected." The news was "bound to hit sector sentiment in the short term," Mr Richards added.

Pearl edged up to 387p early on but a combination of profit-taking after the interim results and the personal pension news saw the shares slide back to close a net 15 down at 368p. The interim figures were at the very top end of analysts' forecasts, as was the dividend. **Abbey** touched 297p before dipping to end the session a net 14½ lower at 279p. **Legal and General** were 8½ cheaper at 289p and **Prudential** fell 23 to 968p.

A recommendation by BZW to switch from **Commercial Union** to **General Accident** hit the former which dropped 12 to 346½p—Kleinwort Grieveson were also a substantial seller of CU—but General Accident advanced 17 to 970p. In Brokers, **Sedgwick** dropped 7 to 302p—Hoare Govett was the big seller here—ahead of the September interim figures which showed profits down 11 per cent.

Business in the Building sector tailed off despite th fact that the dividedn season is fast approaching. **Marley**, half-year figures due today, were a shade easier at 179p, while **Blue Circe**, interim results due next Friday, settled 10 off at 475p, after early progress to 488p. **Taylor Woodrow**, also reporting next week, slipped 7 to 435p, but **AMEC** were steady at 357p awaiting today's half-timer. Demad persisted for Redlad, up 4 more at 512p in a restrcted market, but **Tarmac** drifted off to close 7 down at 285p. **Magnet and Southerns**, still depressed by various brokers' profits downgradings, shed 12 more to 251p, while **Alfred McAlpine** shed 6 t 548p following comment on the interim results.

Amersham International attracted good support following BZW's visit to the company and the close was 5 higher at 632p. Buyers cntinued to favour **Laporte**, up 5 more at 537p.

Leading high street Retailers gave modest ground amid fresh worries that next Tuesday's trade figures may put a damper o currently buoyant consumer spending. **Woolworth** dipped 13 to 342p, while **Burton** shed 6 to 290p. **Sears**, however, closed a fraction up at 162½p with around 6.3m shares traded, as the market attempted to digest the welter of rumours surroundings the group including widespread chatter that Sears is interesting in acquiring the MFI and Allied Carpets operations from Asda—a move which would be seen as a defensive measure in an attempt to ward off an unwelcme suitor. **Next**, supported of late following a broker's encouraging circular, met occasional profit-taking and ran back 6 to 326p. Secondary Stores highlighted **Moss Bros**, the menswear group, which spurted 105 to 948p on the decision to invite tenders for its Covent Garden headquarters. Others to make ground included **Executex Clothes**, finally 13 up at 185p, after 190p, reflecting demand ahead of next Tuesday's mid-term statement.

British Telecom put on a good performance and moved up 5 to 272p on a volume of 7.2m shares; the first quarter figures are scheduled for September 9.

Amstrad, also given a "buy" by Chase, jumped a further 6 to 177p on a turnover of almost 6m shares. **Ferranti** fell another 4 to 121p.

Among the Engineers, **TI** advanced strongly to close 20 higher at 406p following a fairly good response by analysts to the Crane U.S. acquisition. **Weir Group** moved up 14 to 247p on the half-year figures, but **Glynwed**, a rising market of late, encountered profit-taking after the interim results. Expansion hopes left **Hobson** 10 to the good at 102p, while revived speculative activity prompted a gain of 10 to 125p in **Brasway**.

Retailers attracted the lion's share of the business in the Food sector, but Manufacturers giving a rather subdued performance. In the former sector, **Tesco** were in the vanguard, touching 186p prior to closing a penny easier at 181p as some 8.2m shares changed hands; there was also considerable business in Tesco traded options and the convertible stock and the company, as part of its policy of publishing up-to-date information, is bringing forward its next set of interim results by a month to the end of September. **ASDA-MFI** were also an active market pending news of the MFI auction and settled a shade cheaper at 198p. Sears are the latest name to be mentioned as possible buyers of MFI while the MFI management team have already confirmed that they intend to mount a bid for the MFI business.

Nervous offerings in front of today's half-timer left **Ladbroke** 7 off at 444p.

Movements in the miscellaneous industrials leaders rarely exceeded a few pence either way in another slow day's trading. **Trafalgar House**, however, dipped 8 to 373p in the wake of news that only 5.33 per cent of the open offer for new Ordinary shares had been taken up by shareholders.

Elsewhere, **AGB Research** responded to the preliminary figures with a gain of 7 at 246p, while a generally favourable response to the half-year figures prompted a rally of 9 to 239p in **Pentland Industries**. **Eleco**, reflecting a flurry of bid speculation advanced strongly to close 22 higher at 253p. **Williams Holdings**, scheduled to reveal interim figures next Wednesday, were supported and put on 19 to 916p, while **MY Holdings**, still in response to the sale of its pyrotechnic subsidiary, firmed 3½ more to 84p. Recent high-flyer **Highgate and Job** advanced 40 to 555p. **Waterford** improved 4 more to 113p amid a revival of bid speculation.

Olives Paper firmed 5 to 195p on the news of the new proposals from Melton Medes and Mr Puri. **Shandwick**, still reflecting the US public relations expansion move, advanced 20 more to 600p.

Hopes that the latest moves by Opec would bring a return to stability in recently weak oil prices gave oil and gas shares another widespread boost.

Brent crude for October delivery jumped another 40 cents to regain the $18 a barrel level—a two-day rise of 75 cents still helped by the proposed meetings by Opec's quota and prices committees.

BP, on a turnover of 6m shares, added 13½ more—a two-day gain of 21½—while **Shell** rose ¼ to £13¾. **Britoil** spurted 15½ to 334½p, **Enterprise** were 9½ higher at 292½ and **LASMO** advanced 12 to 342p.

Traded Options

Holiday influences finally took their toll on traded option activity. With business in the underlying securities often reduced to minimal levels, conditions hardly proved conducive to option business with the result that total contracts transacted amounted to a relatively meagre level of 29,685—the lowest total for around five weeks. Nevertheless, operators still found the odd situation to excite their enthusiasm, notably Sears, the high street retailer, which attracted 1,207 calls, 876 in the September 180 series, and 2,196 puts, 1,986 of which were done in the December 160's. Tuesday's option favourite British Gas accounted for 482 calls and 2,742 puts. Revived interest was also noted for Amstrad, the subject of a broker's "buy" recommendation, which contributed 1,946 calls, the December 200's and 220's recording 426 and 507 trades respectively. The FT-SE 100 index contract attracted 1,817 calls and 2,115 puts.

Traditional Options

- First dealings Aug 17
- Last dealings Aug 28
- Last declaration Nov 19
- For Settlement Nov 30

For rate indications see end of London Share Service

Call options were taken out in Queens Moat Houses, Burndene, Heywood Williams, Amstrad, Marks and Spencer, Sears, Kellock, Hampton Trust, Barker and Dobson, Hanson Trust, Tranwood, Aquascutum A, Amber Day, Norfolk Capital, Charles Baynes, New England Properties, Property Trust, Dee Corporation, Aran Energy, British Petroleum, Rockware, Cluff Oil, Martin Ford, Equity and Law, CI Group, ML Holdings, Marler Estates and Stakis. Puts were arranged in Tootal, Unigate, Brown and Jackson and Harris Queensway, but no doubles were reported.

FINANCIAL TIMES STOCK INDICES

	Aug. 26	Aug. 25	Aug. 24	Aug. 21	Aug. 20	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	84.94	85.29	85.55	85.23	85.11	89.66	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.27	92.29	92.19	92.48	92.82	95.67	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1758.2	1768.5	1752.1	1727.2	1,700.2	1,280.5	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	431.2	424.2	416.5	418.8	429.3	244.9	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.28	3.26	3.29	3.34	3.39	4.30				
Earnings Yld.%(full)	8.04	8.01	8.07	8.19	8.31	10.40				
P/E Ratio (net) (*)	15.28	15.34	15.22	15.00	14.78	11.72				
SEAQ Bargains (5 pm)	33,470	33,613	40,534	43,885	37,877	—				
Equity Turnover (£m)	—	1,215.33	898.51	1,083.14	1,788.82	494.02				
Equity Bargains	—	40,687	45,993	46,525	39,844	21,252				
Shares Traded (ml)	—	—	557.9	591.0	475.2	217.9				

S.E. ACTIVITY

Indices	Aug. 25	Aug. 24
Gilt Edged Bargains	103.1	108.5
Equity Bargains	263.6	298.0
Equity Value	2456.5	1816.1
5-Day Average		
Gilt Edged Bargains	109.6	110.6
Equity Bargains	273.1	269.5
Equity Value	2595.9	2721.4

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1772.3	1766.4	1763.8	1761.1	1761.2	1763.1	1763.2	1756.4

Day's High 1773.0 Day's Low 1754.6. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.02

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (62)

AMERICANS (6), CANADIANS (2), BANKS (3), BREWERS (1), BUILDINGS (4), CHEMICALS (1), STORES (5), ELECTRICALS (3), ENGINEERING (2), FOODS (3), HOTELS (1), INDUSTRIALS (12), INSURANCE (1), PAPERS (1), PROPERTY (4), TEXTILES (1), TRUSTS (8), MINES (4).

NEW LOWS (27)

BRITISH FUNDS (13), INT. BANK & O'SEAS GOVT. STLG. ISSUES (3), Euro Inv Bank 11pc Ln 2002, Do. 10¼pc 2004, Int-Am Dev Bank 12½pc 2003, LOANS (5), N'wide 10½pc 7.3.88, Do. 9⅞pc 11.4.88, Do. 8⅞pc 23.5.88, Do. 8⅞pc 20.6.88, Do. 9⅝pc 11.7.88, AMERICANS (1), BASIX Corp., ELECTRICALS (1), Admiral Computing, PAPERS (1), Michael (J.) Design, PROPERTY (1), Land Securities 10pc 2025, TOBACCOS (1), BAT Inds 12¼pc Ln, THIRD MARKET (1), Lynx Technology.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	8,800	198	−3	Ladbroke	1,100	444	−7
Allied Lyons	4,300	419	−3	Land Securities	998	535	−2
Amstrad	5,800	177	+6	Legal & Gen.	1,900	299	−8½
Argyll Group	658	428	−5	Lloyds Bank	1,900	353	−7
Assoc. Brit. Foods	459	356	−5	Lonrho	141	290½	−2½
BAT	14,000	662	−13	Lucas	368	712	−10
BET	2,350	283	+6	MEPC	2,000	520	−7
BICC	425	377	+3	Marks & Spencer	6,600	225	−10
BOC	1,100	532	+1	Midland Bank	698	458	−1
BPB Inds	577	368	−7	Natwest Bank	1,600	736	−3
BPCC	1,000	355	+4	Next	3,200	326	−6
BTR	2,250	337	−1	Pearson	776	749	+2
Barclays	1,800	576	+1	P & O	707	677	+3
Bass	572	938	+4	Pilkington Bros	2,900	300	—
Beecham	945	534	−2	Plessey	4,500	190	−5
Blue Circle	1,000	475	−10	Prudential	840	968	−23
Boots	1,800	301	−7	Racal	5,000	313	−4
Brit. Airways	2,980	202	−3	Rank Org.	339	704	−8
Brit. Aero	1,100	498	−2	RHM	982	336	−4
Brit. & Comm.	243	487	+2	Reckitt & Col	76	£11¼	—
British Gas	18,000	170	−1	Redland	663	512	+4
Britoil	3,200	334½	+15½	Reed Intl.	1,200	499	+2
BP	6,000	362½	+13½	Reuters	316	870	—
Brit. Telecom	7,200	272	+5	RMC	682	478	−1
Bunzl	416	280	−1	RTZ	1,100	£12¼	−⅛
Burton	3,100	290	−6	Rolls-Royce	6,200	111	—
Cable & Wire	2,200	419	—	Rowntree	1,100	577	−3
Cadbury Schwps	1,200	268	−1½	Ryl Bank Scotland	741	398	−4
Coats Viyella	3,300	358	−6	Royal Insurance	3,190	515	+1
Comm. Union	4,850	346½	−12	STC	1,500	287	−1
Cons. Gold	438	£13¼	−¼	Saatchi & Saatchi	667	663	−1
Cookson	255	776	+12	Sainsbury	1,300	264	−4
Courtaulds	306	467	−5	Scott & Newcastle	254	249	−1
Dee Corpn	2,000	228	−3½	Sears	6,300	162½	+½
Dixons Group	905	334	−8	Sedgwick	1,500	302	−7
English China Clays	1,200	482	+1	Shell Trans	1,800	£13¾	+¼
Fisons	307	340	−2	Smith & Nephew	3,200	172½	+3
Gen. Accident	1,600	970	+17	Standard Chart	731	803	−11
Gen. Elect	3,900	209	−3	Storehouse	3,400	393	−3
Glaxo	442	£17⅛	—	Sun Alliance	127	949	−7
Globe Investment	347	178½	−½	TSB	2,900	80¼	+½
Granada	699	324	+4	Tarmac	1,900	281	−11
Grand Met	1,800	533	−7	Tesco	8,200	181	−1
GUS "A"	251	£12¼	—	Thorn EMI	1,400	675	—
Guardian R.E.	287	956	−12	Trafalgar House	1,300	373	−8
GKN	321	383	−3	T'house Forte	2,300	248	−3
Guinness	3,100	356	−1	Ultramar	2,100	270	+5
Hammerson	856	640	−12	Unigate	1,100	400	−5
Hanson Trust	9,900	189½	−2	Unilever	459	639	−1
Hawker Sidd.	976	596	−6	United Biscuits	1,700	319	−2½
Hillsdown Hldgs	259	319	−2	Wellcome	1,700	464	+22
ICI	1,200	£15⅛	+⅛	Whitbread "A"	291	337	—
Jaguar	449	567	—	Woolworth	1,800	342	−13

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	11	100	2
Corporations, Dominion and Foreign Bonds	3	26	27
Industrials	451	449	676
Financial and Properties	128	175	305
Oils	30	29	56
Plantations	5	1	9
Mines	60	29	101
Others	129	40	101
Totals	817	848	1,277

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Aug 26 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tues August 25 Index No.	Mon August 24 Index No.	Fri August 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (212)	943.88	−0.4	7.35	2.91	17.12	[illegible]	947.72	940.23	927.89	690.71
2	Building Materials (30)	1182.32	−1.1	7.54	2.91	16.53	17.82	1194.90	1173.83	1157.40	798.67
3	Contracting, Construction (35)	1698.24	−0.6	7.11	2.83	18.82	20.05	1707.79	1688.70	1670.56	1233.57
4	Electricals (12)	2457.28	+0.5	6.01	3.13	21.46	41.07	2443.90	2432.21	2396.10	1857.06
5	Electronics (35)	2006.53	−0.9	8.04	2.48	16.21	33.73	2024.44	2026.31	2006.09	1521.24
6	Mechanical Engineering (60)	511.25	—	7.92	3.32	15.84	8.99	511.23	508.15	500.44	389.21
8	Metals and Metal Forming (7)	553.60	+0.6	6.98	2.86	17.29	6.86	550.43	543.05	533.79	341.87
9	Motors (14)	382.23	−0.3	7.67	2.88	15.26	5.40	383.32	382.53	380.01	276.32
10	Other Industrial Materials (21)	1612.13	+0.2	5.92	3.03	20.37	24.27	1609.19	1592.49	1565.62	1229.74
21	CONSUMER GROUP (185)	1298.11	−0.5	6.09	2.62	21.08	16.52	1305.26	1296.16	1276.49	931.10
22	Brewers and Distillers (22)	1160.77	−0.4	8.07	3.08	15.66	15.79	1165.96	1148.83	1129.59	926.14
25	Food Manufacturing (24)	1013.95	−0.5	6.91	3.01	18.80	15.60	1019.07	1015.91	1004.10	700.25
26	Food Retailing (16)	2411.94	−1.1	5.42	2.40	25.22	36.46	2439.13	2393.86	2349.50	1930.32
27	Health and Household Goods (10)	2528.06	+0.7	4.04	1.58	28.93	16.41	2509.85	2522.38	2498.59	1537.83
29	Leisure (31)	1365.27	−0.6	6.83	3.19	21.47	24.25	1373.71	1360.93	1342.07	915.96
31	Packaging & Paper (15)	684.92	−0.4	5.96	2.54	22.20	8.51	687.45	676.17	658.23	491.95
32	Publishing & Printing (13)	4420.18	+0.3	4.68	3.21	27.38	59.63	4405.45	4358.73	4297.09	2519.91
34	Stores (36)	1043.98	−1.8	6.79	2.78	19.98	13.30	1063.23	1059.23	1037.09	891.76
35	Textiles (16)	812.08	−0.8	7.64	2.76	15.20	11.83	[illegible]	802.68	795.25	518.30
40	OTHER GROUPS (88)	1132.31	+0.8	7.63	3.11	16.38	18.12	1123.21	1116.31	1100.96	777.37
41	Agencies (17)	1703.04	+0.4	4.06	1.42	32.42	14.64	1695.77	1678.17	1671.32	0.0
42	Chemicals (21)	1452.16	+0.6	6.76	3.14	18.10	31.40	1443.10	1429.34	1409.45	952.31
43	Conglomerates (12)	1460.38	−0.5	7.26	3.18	15.75	20.26	1468.35	1451.64	1428.71	0.0
45	Shipping and Transport (12)	2253.14	−0.2	7.14	3.54	18.65	39.02	2257.76	2225.85	2196.78	1495.19
47	Telephone Networks (2)	1077.78	+1.5	9.41	3.75	14.18	18.98	1062.07	1066.35	1051.68	797.86
48	Miscellaneous (24)	1661.09	+2.1	8.36	2.68	14.34	21.14	1626.73	1617.98	1591.52	1071.21
49	INDUSTRIAL GROUP (485)	1175.85	−0.1	6.84	2.83	18.51	16.81	1177.47	1169.25	1152.57	838.36
51	Oil & Gas (17)	2214.95	+2.3	7.46	4.26	16.58	56.53	2165.03	2135.34	2193.23	1372.98
59	500 SHARE INDEX (500)	1264.97	+0.2	6.95	3.04	18.20	20.24	1261.33	1251.29	1240.92	883.76
61	FINANCIAL GROUP (119)	803.42	−0.6	—	3.77	—	16.87	808.32	795.17	788.10	602.55
62	Banks (8)	816.42	−0.5	16.35	4.76	8.09	25.65	820.74	802.73	795.29	645.74
65	Insurance (Life) (9)	1052.04	−2.4	—	4.01	—	21.09	1077.42	1063.52	1062.45	879.55
66	Insurance (Composite) (7)	584.36	−0.5	—	4.53	—	13.39	587.26	579.93	577.77	483.59
67	Insurance (Brokers) (9)	1247.34	−1.1	9.49	4.47	13.51	26.47	1260.79	1265.09	1255.00	1172.04
68	Merchant Banks (11)	500.74	+0.2	—	2.70	—	6.92	499.62	498.22	491.38	339.77
69	Property (47)	1237.37	−0.3	3.87	2.39	33.43	13.34	1240.88	1206.82	1185.31	769.08
70	Other Financial (28)	551.36	+0.2	6.10	2.78	20.78	7.91	550.51	548.91	546.92	345.20
71	Investment Trusts (91)	1129.54	−0.1	—	2.14	—	13.02	1130.34	1129.12	1127.92	794.39
81	Mining Finance (2)	625.81	−1.3	5.39	2.65	21.29	6.79	633.85	625.81	623.97	280.00
91	Overseas Traders (10)	1163.75	−0.3	7.83	4.04	15.16	29.58	1167.32	1159.39	1153.24	641.67
99	ALL-SHARE INDEX (722)	1145.30	—	—	3.12	—	19.00	1144.71	1134.37	1125.31	803.57

	Index No.	Day's Change	Day's High	Day's Low	August 25	August 24	August 21	August 20	August 19	Year ago
FT-SE 100 SHARE INDEX ♦	2249.6	+1.5	2259.0	2240.3	2248.1	2225.1	2205.8	2185.3	2197.6	1629.8

FIXED INTEREST

	PRICE INDICES	Wed August 26	Day's change %	Tues August 25	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	119.89	−0.11	120.02	—	7.45
2	5-15 years	132.59	−0.30	132.98	—	9.66
3	Over 15 years	140.42	−0.38	140.95	—	8.81
4	Irredeemables	153.59	−0.61	154.53	—	8.46
5	All stocks	130.65	−0.26	130.98	—	8.83
	Index-Linked					
6	5 years	120.18	−0.03	120.22	—	2.18
7	Over 5 years	112.37	+0.57	111.73	—	2.40
8	All stocks	112.85	+0.52	112.27	—	2.37
9	Debentures & Loans	113.71	−0.26	114.01	—	6.93
10	Preference	84.41	+0.15	84.28	—	3.80

	AVERAGE GROSS REDEMPTION YIELDS		Wed August 26	Tues August 25	Year ago (approx.)
	British Government				
1	Low	5 years	9.71	9.65	8.31
2	Coupons	15 years	9.97	9.91	9.13
3		25 years	9.97	9.91	9.15
4	Medium	5 years	10.56	10.49	9.47
5	Coupons	15 years	10.26	10.21	9.43
6		25 years	10.02	9.97	9.31
7	High	5 years	10.63	10.58	9.56
8	Coupons	15 years	10.43	10.37	9.58
9		25 years	10.06	10.00	9.43
10	Irredeemables†		9.99	9.93	9.14
	Index-Linked				
11	Inflat'n rate 5%	5 yrs.	3.18	3.16	3.45
12	Inflat'n rate 5%	Over 5 yrs.	4.01	4.05	3.48
13	Inflat'n rate 10%	5 yrs.	3.06	3.04	2.14
14	Inflat'n rate 10%	Over 5 yrs.	3.99	4.03	3.32
15	Debs &	5 years	11.54	11.57	10.05
16	Loans	15 years	11.51	11.50	10.27
17		25 years	11.48	11.43	10.31
18	Preference†		10.84	10.86	10.81

♦Opening index 2258.0; 10 am 2251.3; 11 am 2248.7; Noon 2243.9; 1 pm 2244.8; 2 pm 2247.8; 3 pm 2249.3; 3.30 pm 2241.7; 4 pm 2245.3

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

CONSTITUENT CHANGES: Holt Lloyd International (42) and Lloyd (F. H.) Holdings (8) have been deleted and replaced by Hogg Robinson (41) and Triplex (8).

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*419)	390	42	53	65	7	12	17
	420	22	33	47	20	27	32
	460	7	20	30	48	53	58
Brit. & Comm. (*486)	460	43	55	68	17	20	22
	500	22	35	50	30	37	40
	550	8	18	30	67	70	70
[illegible]							

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Guinness (*356)	330	40	50	58	8	15	18
	360	22	32	42	20	28	32
	390	10	20	—	40	45	—
[illegible]							

August 26. Total Contracts 29,685. Calls 18,583. Puts 11,102. FT-SE Index Calls 1,817. Puts 2,115. *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§110	F.P.	18/9	121	111	Adscene	115	......	L2.5	1.9	3.0	23.9
245	100	28/8	147	130	BAA	134	+2	L6.6	2.4	3.2	17.5
††	F.P.	—	84	65	BHP Gold Mines A$0.25	77	......	—	—	—	—
80	F.P.	—	108	85	*ChemEx. Intl.	90	+5	—	—	—	—
§92	F.P.	26/8	190	157	♦Cook (D.C.) 5p	165	−2	u2.85	2.4	2.3	24.5
§50	F.P.	—	93	68	♦Corp. Estates Props. 5p	85	−1	L0.75	2.4	1.2	46.9
§82	F.P.	—	100	84	Crosby (James) 10p	88	+1	R1.75	3.4	2.8	14.5
170	F.P.	28/8	230	208	Debenham Tewson 5p	230	+4	L3.25	2.3	1.9	31.0
100	F.P.	—	109	103	F'st SpanishInv.Tst.Units	109	......	—	—	—	—
140	F.P.	21/8	191	163	♦Graham Motors 5p	165	......	L3.5	3.5	2.9	13.3
††	F.P.	—	383	335	Hogg Robinson PLC	353	......	R4.0	2.7	1.5	32.8
§20	F.P.	11/9	34	29	*Honorbilt	32	......	—	—	—	26.1
§185	F.P.	9/9	250	218	Kentish Property 5p	231	−4	R3.75	3.3	2.2	18.4
§140	F.P.	26/8	215	180	Kingsgrange 10p	185	......	u2.25	2.6	1.6	28.1
§100	F.P.	—	145	108	Kingston Oil & Gas 50p	116	......	—	—	—	—
100†	F.P.	—	135	115	*Medirace 10p	134	−1	—	—	—	—
—	F.P.	—	98	55	Moorgate Inv. Warr.	98	+13	—	—	—	—
§110	F.P.	4/8	281	185	♦Parkway 5p	243	+2	R1.5	4.2	0.8	38.3
§70	F.P.	26/8	118	95	♦Rural Planning 3p	95	−1	R1.6	2.9	2.3	20.8
§63	F.P.	31/7	89	73	♦Shelton (Martin) 10p	73	−2	u1.75	2.3	3.2	18.5

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
100p	30p	23/10	33½p	28½p	Beazer (C.H.) 8.67pc Cum. Red. Prf.	28½p	−¼
‡	F.P.	30/11	105p	101p	Capital & Counties 5¾% Cov. Prf.	105p	......
‡	25p	11/9	25p	23½p	Euro Home 8⅞% Cum.Red.Prf.1997/98	23½p	−1½
††	F.P.	—	141p	136p	Merlin Intl. Cum. Red. Cnv. Prf.	135p	−1
—	F.P.	—	100	99	Nationwide 10% Bds 1/8/88	99	−⅛
—	F.P.	—	100⅛	99⅛	Do. 10⅞% Bds. 22/8/88	99⅛	−⅛
—	£25	11/11	25½	12¼	North Housing Assoc. 8¾% Gtd.Ln.2037	13	......
—	F.P.	—	270p	200p	Do. Zero Corp. Ln. 2027	205p	......
‡	Nil	21/9	5pm	¼pm	Temple Bar I.T. 6%Cnv.Uns.Ln.2002	¼pm	......
—	£10	24/9	12½	10	Wrexham&E.Den.Wtr7⅛%Red.Prf.96/98	10	......
‡	F.P.	—	3ppm	3ppm	Yelverton Inv. 8% Cnv. Uns. Ln. 1997	3ppm	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
330	Nil	—	40pm	22pm	Cannon St. Invs. 20p	40pm	+9
810	Nil	9/10	42pm	7¼pm	Capital & Counties Unit	10½pm	......
205	Nil	25/9	65pm	40pm	Close Bros.	40pm	......
50	Nil	7/10	162pm	138pm	Conrad Hldgs	151pm	+6
171	Nil	2/9	24pm	11pm	Evode Group	23pm	−1
60	Nil	24/9	4½pm	1½pm	♦Floyd Oil 10p	1½pm	......
90	Nil	—	6pm	5pm	Goal Pet. 5p	5½pm	......
42½	Nil	2/10	30pm	15pm	Goodman Bros. 5p	23pm	+2
57	Nil	—	7pm	5pm	Kellock Trust 1p	[illegible]	[illegible]
[illegible]							

[illegible]

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (Continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (Continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

Closing prices August 26

[illegible]

MONTREAL

Closing prices August 26

[illegible]

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

TORONTO

[illegible]

NYSE-Consolidated 1500 Actives

[illegible]

LONDON — Most Active Stocks

Wednesday, August 26, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Brit Gas	18.8m	170	−1	Brit Telecom	7.2m	272	+5
BAT	14.0m	662	−13	Mrks & Spncr	8.6m	225	−10
Hanson Tr	9.5m	189½	−2	Sears	6.3m	162½	+½
ASDA-MFI	8.8m	198	−3	Rls Ryce	6.2m	111	uch
Tesco	8.2m	181	−1	BP	7.2m	272	+5

TOKYO — Most Active Stocks

Tuesday, August 25, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Kawasaki Steel	125.93m	311	+1	Aichi Steel	15.14m	721	+23
Nippon Steel	68.17m	347	−2	Sumitomo Metal	14.63m	256	+1
Nisshin Steel	63.12m	528	+23	Mitsubishi Heavy Ind.	13.64m	625	+14
Showa Denko	27.83m	718	+48	Gunze	13.40m	1,150	+20
Mitsubishi Petrochem	18.51m	1,890	+78	Hitachi Ltd	11.76m	1,240	−10

LONDON Chief price changes (in pence unless otherwise indicated)

RISES:

BP	362½	+13½
Britoil	334½	+15½
Burns-And.	212	+10
Elcco Hldgs	253	+22
Exec. Clths	185	+13
Gen Acc.	970	+17
Moss Bros.	948	+105
Pentl. Inds.	239	+9
Randsw. Tst.	258	+18
TI Gr	406	+20
Weir Gr	247	+14
Wellcome	464	+22
Williams Hldgs	916	+19

FALLS:

Trs. 11¾pc 2003/07	£111¾	−½
Abb. Life	279	−14½
Comm. Union	346½	−12
Mrks & Spncr	225	−10
Pearl	367	−16
Sedw. Gr	302	−7
Steel Brl Jns	273	−16
Trafalg Hse	373	−8

OVER-THE-COUNTER Nasdaq national market, closing prices

Continued from Page 35

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37	20⅝	AAR s	.50	1.4	24	238	36¾	35⅝	36½	−¼
51¼	22	ADT	.92	1.8	26	1440	50⅞	50⅝	50⅝	−⅛
31¼	16¾	AFG s	.16	.5	11	247	30¼	29¾	29¾	+⅛
22⅝	8⅝	AGS s			18	917	19½	19⅛	19⅜	+¼
10⅞	6¾	AMCA				30	10¼	10	10	−¼
9⅜	4⅞	AM Intl				1743	8⅛	7¾	7¾	−¼
65½	50¼	AMR			13	5137	63¼	62⅜	62⅜	−⅝
27½	24⅞	ANR pf	2.67	10		2	26	26	26	+½
12¼	8¼	ARX s			11	346	11⅞	11⅜	11⅜	−⅜
73½	32⅛	ASA	2a	3.0		860	65⅝	63½	65⅝	+1⅞
20	9¾	AVX	.32	1.7	38	238	19	18½	18¾	−¼
67	41	AbtLab	1	1.6	25	4228	65¼	63¾	64	−1¼
28	24¼	AbitIbi g				31	26⅜	25⅞	25⅞	−½
16¾	9¾	AcmeC	.40	2.6	16	68	15¾	15¼	15¼	−⅜
10½	6⅛	AcmeE	.32b	3.4	59	10	9¾	9½	9½	−⅛
23⅞	19	AdaEx	3.42e	16.		121	21¾	21⅜	21¾	+⅛
18½	11⅜	AdmMl s	.24	1.7	11	36	14⅝	14¼	14⅝	
27⅜	12⅛	AdvSys	.62t	2.3	20	394	u27½	27⅛	27⅜	+¼
24½	12⅞	AMD				8157	23⅛	22⅜	22½	
56⅝	47	AMD pf	3	5.4		x25	56¾	55⅜	55½	−⅛
11⅞	5¼	Adobe				280	10	9⅞	10	
20½	14¾	Adob pf	1.84	9.2		11	20	19¾	20	+¼
21⅞	17	Adob pf	2.40	11.		1	21¼	21¼	21¼	
15	10⅜	Advest	.12a	1.0	9	144	11⅞	11¾	11¾	−⅛
68¼	53	AetnLf	2.76	4.4	9	6943	64⅛	63⅜	63⅜	−⅝
83½	26½	AlliPb s	.32	.4	22	1251	74	69½	72	−⅜
26⅞	18⅝	Ahmans	.88	3.7	9	12243	23¾	22½	23¾	+1⅛
5⅜	2⅞	Aileen				97	3½	3⅜	3⅜	−⅛
53⅞	31¼	AirPrd	1	1.9	22	2434	52⅜	51⅛	51⅝	−⅛
36	17¾	AirbFrt	.60	2.2	12	242	27¾	27¼	27¼	−¼

Continued on Page 35

NYSE COMPOSITE CLOSING PRICES

Continued from Page 34

U U U

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
27⅞	17¼	UDC	2.20	11.	7	712	20¼	19¾	19¾	−⅛
32	25½	UGI	2.04	6.9	11	48	29¾	29¼	29⅝	
11⅞	8¼	UNCInc			16	404	10⅞	10½	10½	−⅜
31⅝	20⅜	UNUM n.30e		1.1		609	26⅝	26¼	26¼	+⅛
21⅞	14⅜	URS	.96t	4.8	10	x234	20	19¼	19⅞	+⅝
46¾	36¼	USFG	2.48	5.9	9	3046	43⅛	41¾	42⅝	−½
62	50½	USFG pf4.10		7.4		13	56⅛	55½	55¾	−¼

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
65	51	Xerox	3	3.7	18	1013	82⅝	81¾	81⅛	−1⅞
56¼	54¼	Xerox pf5.45		9.7		117	56	56½	56	+¼
31½	21½	XTRA	.64	2.1	24	141	30	29⅞	29⅞	−⅛
27⅞	25⅝	XTRA pf1.94		7.5		10	26¾	26¾	26¾	
31	15	Yorkin			15	843	u31½	30⅝	31¼	+¾
7¼	2¼	Zapata				435	5¼	5	5	
32⅞	20¾	Zayre	.40	1.3	11	2449	31½	30⅝	30⅞	−⅛
14¾	9¾	Zemex	.40	3.1	6	3	13⅛	13	13	−⅛
33⅝	18⅞	ZenithE			124	613	31	30¾	31	+⅛
13½	7⅛	ZenLab				674	7¾	7½	7½	−¼
28¼	18¾	ZenNtl	.80	3.4	14	444	23⅝	23	23¼	−½
20⅜	12⅝	Zero	.36	1.8	20	91	20	19½	19¾	−¼
30¾	17½	Zurnin s .68		2.4	18	179	28⅝	28	28⅜	−¼
10⅞	6¾	Zweig n.65e		6.4		873	10⅛	10	10⅛	+¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 33

هكذا من الأصل

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

IBM setback sparks bout of nervousness

WALL STREET

AFTERNOON weakness pulled Wall Street stocks down from the record levels overnight as operators became unnerved by severe pressure on IBM, the market leader, *writes Gordon Cramb in New York*.

The Dow Jones industrial average ended 20.57 lower at 2,701.85 in busy volume of just under 200m shares.

Declines led advances by about four to three as the NYSE composite index, reflecting the broader trend, fell a more muted 1.05 to 186.94.

Credit markets were somewhat weaker as attention remained on the dollar, with many unconvinced that the currency might be entering a more stable pattern. Quarterly trade figures had little impact.

IBM, delayed at the opening because of an order imbalance, closed $4 lower at $168 after a handful of analysts lowered their earnings estimates. In addition Salomon, which now forecasts 1988 earnings of $11 a share rather than its previous $11.85, downgraded the stock to a hold from the buy status which the firm accorded IBM since last October.

Other market watchers said they thought these firms had been expecting more of the computer group than most, and were merely bringing their projections down to around the consensus level.

But Mr Mark Schulman, the Salomon analyst, argued: "One has to distinguish between numbers and the recommendation. What concerns me is that IBM is not experiencing any strengthening of business conditions.

"Domestic orders continue to be sluggish. Orders outside the US are better but are not accelerating. The context is that on a worldwide industry basis orders are accelerating." In particular, the European and Japanese computer markets had started to pick up.

His assumption, which he stresses is speculation, is that there may be delays next year in the company's ability to begin shipping significant new software – for the 9370 and OS2 systems.

Of the market reaction Mr Newton Zinder of E. F. Hutton said: "This is what you expect in markets that have moved up quite a bit. People start to scale back."

Digital Equipment moved $4 lower in sympathy at $189¾, but elsewhere in the computer sector things were better.

Allegis picked up $2¾ to $98¾ on expectations that Lufthansa or another buyer would soon relieve it of Hilton International. TWA eased $¼ to $33¾ after comments that Mr Carl Icahn's plan to take the airline private was encountering resistance from bondholders.

McGraw Hill at $78¾ surrendered $1⅛ of Tuesday's $7 surge although Mr Irwin Jacobs confirmed overnight that he had taken a position in the publishing house

Rorer was $1⅞ stronger at $54 as an interest by Mr Alan Clore, the British investor, was identified. A. H. Robins, where Rorer has been seeking control, was off $⅝ to $26⅜.

Newmont Mining at $83½ lost $¼ of a $4⅛ leap the previous session after Consolidated Gold Fields of the UK reiterated that, despite speculation to the contrary and the intervention of Mr Boone Pickens, it had no plans to move beyond its current 26.2 per cent holding.

Fluor improved $⅜ to $20½ after Tuesday night's announcement that it is to sell its large majority in St Joe Gold to Mr Alan Bond. St Joe, which has an American Stock Exchange quotation for the residual 10 per cent of its equity, put on $⅛ to $16⅜.

In the credit markets federal funds rose through the day from an opening 7 per cent to reach 7⅛. The authorities provided overnight system repurchases, and three-month bill rates firmed just six basis points to yield 6.44 per cent. The benchmark long bond, the 8⅞ of 2017, shed $^{15}/_{32}$ to $98^{29}/_{32}$ at which level it yielded 8.97 per cent.

The Treasury's evening auction of two-year notes brought reasonable demand and an average yield of 7.86 per cent, the highest in three months.

CANADA

BANKS-LED shares prices in Toronto lower after three of Canada's largest banks reported heavy third-quarter losses because of special non-cash provisions from increases in loan loss reserves to troubled Third World loans.

Royal Bank lost C$¼ to C$34⅛, Bank of Montreal dropped C$⅛ to C$32⅜, Bank of Nova Scotia dipped C$¼ to C$17¾ and Toronto Dominion slid C$⅛ to C$31½.

SOUTH AFRICA

AS MINEWORKERS met to vote about ending their strike, gold shares in Johannesburg closed mixed to firmer on optimism that miners would accept a compromise offer from mine owners.

Vaal Reefs moved up R2 to R472. Randfontein was R3.50 firmer at R446 and Kinross advanced R3 to R86. Weaker stocks included Elandsrand, off 25 cents at R33.25 and Western Areas, down 25 cents at R17.75.

Mining financials and other miners also firmed. Anglos rose 75 cents to R90, Impala added 25 cents to R55.25 and Samancor gained 25 cents to R9.

Diamond share De Beers was unchanged at R53.50 after easing to R53.

Istanbul's infant exchange suffers growing pains

ONCE THE BUTT of sceptical jokes, Istanbul's infant stock market has surprised its admirers and critics by emerging as a focal point for business in Turkey.

Each evening crowds of investors curious about the day's trading overflow through the doors of the stock exchange building. Morning newspapers devote articles to warning their readers that the rise in prices may come to a halt.

Interest in the market has been further boosted by the Government's decision earlier this month to place its holdings in six blue chip private sector companies on the market. The operation took place without prior announcement and Mr Cengiz Israfil, head of the privatisation office, claims the sale has not disrupted the market.

The nervousness is understandable because the upward movement of shares since the beginning of the year has exceeded everyone's expectations. Some companies have seen their stocks climb by a giddy 1,000 per cent, while rises of 200 per cent are common. This in a market where only 45 shares are traded on the senior list.

In the past few weeks, the rise has become even steeper. In the second week of August, the share of Izmir-based steelmaker Izdas rose 187.5 per cent, while Sise Cam, Turkey's leading glass maker, climbed 65 per cent.

Last week shares fell back, but only by about 9 per cent or 10 per cent in most cases. On August 19, turnover tumbled by TL592m ($685,000) to a quarter of the TL1.9bn the previous day. But the next day saw a nearly six-fold increase to TL2.9bn.

The alarm bells began ringing when Mr Dervis Temel, one of Turkey's finance house chiefs, wrote to Professor Ismail Turk, head of the country's Capital Markets Board, warning of a possible "financial catastrophe."

"The increases in value are artificial, they are speculative," said Mr Dervis.

The Government did not agree. Before the week was over, senior figures such as Mr Yavuz Canevi, the head of the turkish Treasury, had said flatly there could be no state intervention.

Soon after came news, deliberately delayed, of the privatisations, which are seen by investors as a sign of government confidence in the stock exchange.

What does all this mean? Some of the older generation of Turkish businessmen are cautious, remembering crashes in unlicensed bond dealing in 1982 and 1983 which wiped out the savings of many middle-class families and destroyed for several years what had been a thriving market.

Turkish investors are in a highly volatile mood because of runaway inflation in the 1980s. The switch to stocks and shares seems to have been partly triggered by a fall in interest rates on bank deposits last year. Another factor, according to Mr Kenan Atasavun, an advisor to the stock exchange, may be the popularity of shares with the growing number of Islamic fundamentalists who prefer them to interest-bearing bonds and deposits.

"The market is obviously suffering from growth pains," says Mr Niko Maksimiyadis, head of Turkinvest-A.O.G. Securities, a fully-owned subsidiary of the Asian Oceanic Group in Turkey. "The prices-to-earnings ratio is around 20 per cent now where it was 11 per cent before. I thought it would take longer to reach this point."

Turnover in a thin market is inevitably faster than on the stock exchanges of developed economies, he says. "We trade one 50th of the total share volume in a day, compared to about one 1,000th in the USA."

For as yet the volume of trading is small, reaching only $3m on a good day. Most companies are still reluctant to place more than a small portion – usually around 10-20 per cent – of their shares on the market. Even when a company such as Nasas, is not controlled by a family, most owners will usually hang tightly on to their shares, leaving only a fraction for trading.

"In Turkey, stocks and shares are collectors' items," says Mr Atasavun. "People like to buy them but they don't feel so inclined to sell."

However, new players are coming on to the market which may open the way for smaller savers to channel funds into shares. Two Turkish banks, Turkiye Is Bankasi and Uluslarasi Endustri ve Ticaret Bankasi, have set up mutual funds and about four other banks are believed to have applications in the pipeline.

"People know that the mutual funds will have to buy up a portfolio of shares. That is one of the main causes of the present bullish attitude," says Mr Atasavun.

Another hope is that foreign investors will enter the market. Turks feel their country belongs with others like Greece and Taiwan where foreign investors can hope to make reasonable returns. One Mediterranean Fund already allocates a 5 per cent share to Turkey.

More are unlikely to follow, however, until the Treasury has ironed out the tax and foreign exchange position for overseas companies trading in Turkish shares.

Already, though, Turkish expatriate workers are investing in the stock market in growing numbers, helping to internationalise its operations.

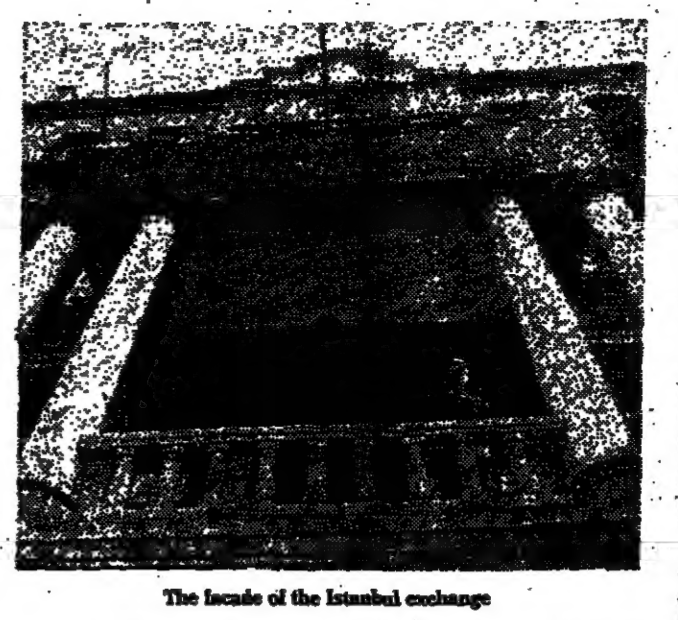
"There is now quite a sizeable pool of Turkish shares for possible trading in West Germany," says Mr Maksimiyadis.

The market's size remains one of the biggest problems: Dealers say it would help if Turkey's two biggest industrial corporations in the private sector, Koc and Sabanci, were to put more equity into the market.

Companies are still cautious. One of the five new entrants to the exchange this year is Mensucat Santral, one of Turkey's most successful textile companies. "We have put up only 10 per cent," says Mr Halil Bezmen, the managing director. "We are still very much a family firm."

"But I have pointed out that anyone who bought our shares in the late 1960s would have found they appreciated in value better than other forms of investment."

The prospect therefore is of continued strong demand from savers and a steady growth in the number of shares available. Mr Atasavun thinks that in the not too distant future there could be 60 or 70 shares on the senior market, a small number by international standards but clear proof that the exchange is alive and growing.



The facade of the Istanbul exchange

Poor results check Stockholm upsurge

BY SARA WEBB, STOCKHOLM CORRESPONDENT

THE STOCKHOLM STOCK market appears to have been defying the summer rule of thumb which says it should see a slowdown in activity while the entire country goes on holiday.

Instead, the institutions have continued to pour money into the market and, for want of new issues to mop it up, the index has staged a series of all-time highs.

The sense of optimism – backed by a fairly good economic picture – has, however, been somewhat held in check by Ericsson's poor results on Monday, which were released after the bourse closed. Brokers say the market is now nervous that more bad interim reports could follow.

The Veckans Affaerer topped 1,148.2 on Monday, up 27.3 per cent since the beginning of the year, but dropped back to close at 1,129.7 yesterday. Turnover was reasonably good at SKr450m ($71m).

The surplus liquidity comes from wage-earner funds and "allemansfonderna" or tax-advantaged savings funds. The latter have attracted more deposits from savers, as individuals have been allowed to place an extra SKr5,000 each in these funds, bringing an estimated SKr1.9bn into the market in the second quarter alone.

The wage-earner funds, the bête-noire of Swedish capitalists, have also placed some of their money in the market but so far have not called on the full amount of SKr2.5bn which they are allowed to collect.

Analysts are predicting the market could climb higher, given that both the wage-earner funds and mutual funds will have more money to place and that there are no new issues in sight to staunch the flow of money. Furthermore, the economic picture looks quite favourable, though inflation is showing signs of rising again.

The Svenska Handelsbanken research group expects the market to continue strong in the short- and medium-term but warns that the new season of interim reports could serve as a check on certain companies' stock market performances.

The results out so far have been "indifferent" or, at worst, disappointing. The market had, however, received an injection of optimism earlier in the month after the announcement of a merger between Asea of Sweden and Brown Boveri of Switzerland. Asea moved up SKr10 to SKr450 yesterday.

Building and construction shares, which had not excelled in recent weeks, perked up when news emerged of a Swedish-Saudi Arabian construction deal from which both Skanska and ABV stand to gain. Banks have also started to pick up on better analysts' forecasts.

EUROPE

Stable $ encourages light buying

THE MORE stable dollar and Tuesday's record on Wall Street gave encouragement to investors in Europe yesterday, lifting major markets out of their drifting trend. Caution, however, prevailed and purchases were selective.

Madrid rose to a record in active trading as the firmer trend of recent days continued. The general index added 3.81 to 295.86. The previous high for the year was 294.57 on August 4.

The largest gains were in chemical issues. Aragonesas advanced 10 percentage points to 498 per cent of nominal value while Petreleos rose 19 points to 698 per cent of par.

Construction issues also posted good advances, notably Asland which was up 50.5 percentage points at 1,060.50 per cent of nominal value.

In generally firmer utilities, Telefonica bucked the trend, easing 3 points to 236.25.

Frankfurt saw an uneven session with an early rally, midsession standstill and late profit-taking. Share prices closed mostly higher in thin trading as foreign buyers remained cautious over the dollar's movements.

The Commerzbank index rose 4.7 to 2,019.1.

Trading focused on cars with investors switching their holdings from Daimler Benz to BMW. Daimler fell DM5.50 to DM1,127.50 as BMW advanced DM19 to DM787. VW was unchanged at DM402.50.

Chemicals posted good gains. BASF rose DM4.80 to DM336.30. Hoechst climbed DM3.50 to DM329.50 and Bayer was up DM 3.30 at DM355.

Bonds ended a quiet bourse sharply lower. The Bundesbank bought DM136.9m worth of paper after selling DM43.6m on Tuesday.

Milan recovered after two consecutive year lows. Prices closed firmer overall in the absence of further bleak news on the economy and reduced concern about possible settlement problems this week.

The MIB index moved up 7 to 831 in moderate trading.

Chemical group Montedison rallied L55 to L2,245, showing the way for other blue chips.

Olivetti moved up by L490 to L11,340 and Fiat staged an after-bourse recovery of L151 to L10,400 after falling to L10,249 earlier in the day.

Insurers, which had been hard hit by the recent weak trend, regained some ground and ended mixed with a firmer bias.

Amsterdam shed its early gains to close narrowly mixed in quiet trading. The all-share index lost a 0.3 opening gain to close unchanged at 107.7.

Blue chips were evenly mixed. Unilever added Fl 1.70 to Fl 145 and Akzo eased 60 cents to Fl 177.30.

In banks, ABN nudged up 10 cents to Fl 51.60 and Amro was down 70 cents at Fl 90.20.

Zurich resumed an upturn after a two-day correction. The steady dollar and a record on Wall Street prompted the return of foreign investors who made selective purchases and lifted the volume.

The Credit Suisse index improved 4.3 to 595.0.

In chemicals, Ciba-Geigy lost SFr50 to SFr3,790 and Hoffman La Roche advanced SFr200 to SFr14,775.

Paris moved broadly higher on the firmer dollar and stronger economic data. News of lower unemployment and a rise in the GDP gave support to most sectors of the market. The CAC index rose 3.8 to 420.7 in steady buying activity.

The dollar's stability helped the blue chip recovery. Thomson-CSF gained FFr45 to FFr1,295, Legrand added FFr50 to FFr2,840 and Peugeot was up FFr21 at FFr1,601.

Financial issues were stronger following easier credit conditions. UIC added FFr62 to FFr1,261 and La Henin added FFr39 to FFr789.

Brussels succumbed to profit-taking in selected blue chips which led the market broadly lower. The Brussels stock index dipped 18.91 to 5,339.56 in thin late-summer trading.

Holdings posted the only gains. Reserve, the share of Societe Generale de Belgique, rose BFr30 to BFr4,090, GBL advanced BFr115 to BFr4,390 and Groupe Bruxelles Lambert rose BFr55 to BFr4,330.

In chemicals, Gevaert lost BFr110 to BFr8,490 but UCB added BFr100 to BFr11,400.

Oslo fell again on the continued concern over the effect of Opec overproduction on the price for North Sea oil. The all-share index lost 7.83 to 380.91 on heavy turnover.

Norsk Data saw more than NKr1bn wiped off its share price as foreign investors sold off after disappointing first half results.

All sectors ended lower with the largest losses in industrials and shipping. Banks also lost ground.

LONDON

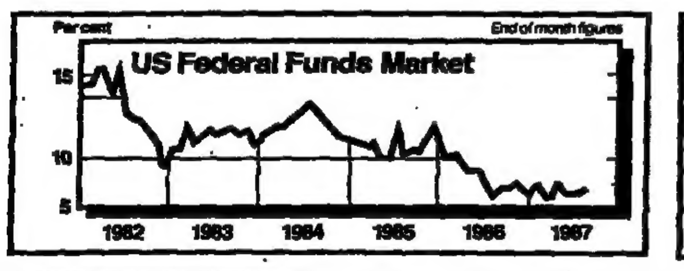
INTEREST RATE worries returned to unsettle the UK securities markets yesterday. Another fall in sterling, accompanied by higher rates in London money markets and a further rise in bond yields, checked an attempt by equities to extend this week's recovery.

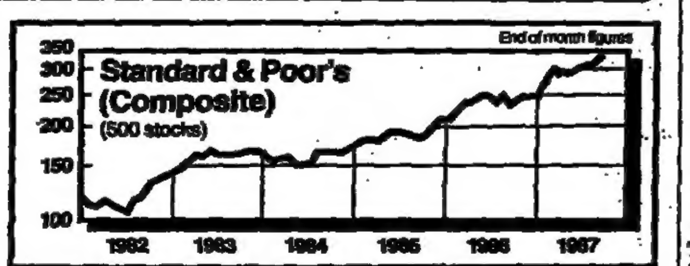
The FT-SE 100 index was up just 1.5 at 2,249.6 while the FT Ordinary index shed 10.3 to 1,758.2 in thin turnover.

German stocks stood out among Europeans, responding well to bullish views on the dollar. South African gold shares advanced on moves to settle the mining strike.

Government bonds were lower throughout and turned down sharply in late dealings. Details, Page 32

KEY MARKET MONITORS





STOCK MARKET INDICES

NEW YORK	Aug 26	Prev	Year ago
DJ Industrials	2,713.97*	2,722.42	1,904.25
DJ Transport	1,091.41*	1,091.41	774.00
DJ Utilities	209.10*	209.62	217.72
S&P Comp.	336.51*	336.77	252.84
LONDON FT			
Ord	1,758.2	1,768.5	1,280.5
SE 100	2,249.6	2,248.1	1,629.60
A All-share	1,145.30	1,144.71	803.57
A 500	1,264.07	1,261.33	883.76
Gold mines	431.2	424.2	244.9
A Long gilt	10.06	10.00	9.42
World Act. Ind (August 24)	139.42	139.67	101.04
TOKYO			
Nikkei	25,875.74	25,643.39	18,840.8
Tokyo SE	2,159.41	2,146.39	1,582.45
AUSTRALIA			
All Ord.	2,121.1	2,102.5	1,179.3
Metals & Mins.	1,347.2	1,340.2	543.8
AUSTRIA			
Credit Aktien	213.25	213.08	239.15
BELGIAN SE	5,339.50	5,358.40	3,837.05
CANADA			
Toronto			
Met.& Mins.	3,232.0*	3,272.5	2,047.0
Composite	4,022.1*	4,033.7	3,036.3
Montreal			
Portfolio	2,007.05*	2,019.78	1,521.23
DENMARK SE			
SE	—	216.72	198.30
FRANCE			
CAC Gen	420.70	418.90	405.7
Ind. Tendance	109.50	107.40	97.74
WEST GERMANY			
FAZ-Aktien	655.21	655.29	691.72
Commerzbank	2,019.10	2,014.40	2,090.7
HONG KONG Hang Seng	3,526.26	3,447.30	1,917.0
ITALY Banca Comm.	601.12	595.98	802.90
NETHERLANDS ANP CBS			
Gen	325.30	323.40	292.8
Ind	274.60	274.10	294.3
NORWAY Oslo SE	514.38	529.35	381.6
SINGAPORE Straits Times	1,505.40	1,502.70	805.89
SOUTH AFRICA JSE			
Golds	–	2,337.0	1,678.0
Industrials	–	2,209.0	1,294.0
SPAIN Madrid SE	295.86	292.05	195.75
SWEDEN J & P	3,018.70	3,016.20	2,505.46
SWITZERLAND Swiss Bank Ind	674.20	670.10	557.4

COMMODITIES (London)

	August 26	Prev
Silver (spot fixing)	477.05p	477.00p
Copper (cash)	£1,065.50	£1,056.50
Coffee (November)	£1,330.00	£1,312.00
Oil (Brent Blend)	$18.15	$17.65

GOLD ($/oz)

	August 26	Prev
London	$457.75	$458.25
Zürich	$457.75	$458.55
Paris (fixing)	$456.67	$458.92
Luxembourg	$456.45	$458.95
New York (Dec)	$465.80	$465.80

CURRENCIES (London)

	US DOLLAR Aug 26	US DOLLAR Previous	STERLING Aug 26	STERLING Previous
$	–	–	1.6170	1.6165
DM	1.8250	1.8230	2.95	2.95
Yen	143.05	143.20	231.25	231.75
FFr	6.1025	6.095	9.8675	9.855
SFr	1.5035	1.5035	2.4325	2.4325
Fl	2.0565	2.0550	3.325	3.325
Lira	1,322	1,320	2,137.75	2,136
BFr	37.95	36.90	61.35	62.95
C$	1.3220	1.3195	2.1335	2.1355

INTEREST RATES

Euro-currencies (3-month offered rate)	Aug 26	Prev
£	10$^{7}/_{16}$	10⅜
SFr	3¾	3$^{11}/_{16}$
DM	3¾	3⅞
FFr	8⅛	8⅛
FT London Interbank fixing (offered rate)		
3-month US$	7	7
6-month US$	7⅛	7⅛
US Fed Funds	7$^{1}/_{16}$*	6⅞
US3-month CDs	6.70*	6.575
US3-month T-bills	6.25*	6.37

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Aug 26 (Sept)	89-09	89-26	89-06	89-23
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.77	93.83	93.75	93.81
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	—	—	—	—
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.85	92.89	92.85	92.96
20-year National Gilt £50,000 32nds of 100%				
(Sept)	113-12	113-26	113-06	114-00

US BONDS

Treasury	August 26 Price	August 26 Yield	Prev Price	Prev Yield
7¼ 1989	99$^{21}/_{32}$	7.81	99$^{23}/_{32}$	7.74
7 1994	97	8.57	97$^{3}/_{32}$	8.53
8¾ 1997	99	8.77	99$^{11}/_{32}$	8.72
8⅞ 2017	98$^{29}/_{32}$	8.97	99$^{12}/_{32}$	8.94

Source: Harris Trust Savings Bank

Treasury Index August 26 Maturity (years)	Return Index	Day's change	Yield	Day's change
1–30	163.17	+0.28	6.93	−0.03
1–10	154.63	+0.12	6.66	−0.03
1– 3	144.03	+0.07	6.37	−0.03
3– 5	157.57	+0.17	6.71	−0.03
15–30	193.58	+0.69	7.76	−0.03

Source: Merrill Lynch

Corporate	August 26 Price	August 26 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	(uch)	(uch)	93.25	6.52
SCBT South Central 10⅞ Jan 1993	(uch)	(uch)	102.0	10.39
Phibro Sal 8 April 1996	(uch)	(uch)	90.20	9.70
TRW 8⅞ March 1996	(uch)	(uch)	95.97	9.45
Arco 9⅞ March 2016	(uch)	(uch)	99.29	9.95
General Motors 8⅝ April 2016	(uch)	(uch)	82.78	9.95
Citicorp 9⅞ March 2016	(uch)	(uch)	91.95	10.25

Source. Salomon Brothers

* Latest available figures

ASIA

Large-capitals fuel Nikkei rebounc

TOKYO

THE TOKYO market rallied for the first time in three sessions yesterday, with buying covering a wide range of issues against the backdrop of a new high on Wall Street and the yen's fall, *writes Shigeo Nishiwaki of Jiji Press*.

The Nikkei stock average rebounded 232.35 to 25,875.74, falling short of last June's record by only 53.66. Large-capital steels and chemicals were actively sought and turnover soared from Tuesday's 649.09m shares to 989.38m. Advances outpaced declines by 619 to 304, with 129 issues unchanged.

The sharp rise of the Dow industrial average and the yen's slide to the level of 144 to the US dollar prompted investors to return to the market. Investors sought issues likely to give immediate profits and did not follow the recent trading pattern of buying domestic demand issues on the yen's rise and high technology stock on the yen's downturn.

Aggressive buying by some leading brokerage houses caused trading in giant-capital stocks to swell. Kawasaki Steel topped the active list with 125.93m shares changing hands. The price fluctuated wildly between Y309 and a record of Y318 before settling at a close of Y311, up Y1 on the day.

Nippon Steel came in second with 68.17m shares, but lost Y2 to Y347. Nisshin Steel gained Y23 to Y526, Mitsubishi Heavy Industries was up Y14 to Y625 and Nippon Kokan advanced Y14 to Y310.

Utilities turned up in the afternoon. Tokyo Electric Power fell Y80 at one point, but rallied later to register a Y150 increase to Y6,850. Tokyo Gas advanced Y40 to Y1,150.

Some smaller steels remained popular. Aichi Steel Works advanced Y23 to Y721 and Yodogawa Steel Works gained Y20 to Y1,030. Tokyo Steel closed at Y2,850, after adding Y120.

Chemicals issues were also sought selectively, reflecting improving markets. Showa Denko added Y40 to Y710 on the fourth heaviest trading of 27.83m shares, while Mitsubishi Petrochemical went up Y50 to Y1,300 and Sekisui Chemical rose Y40 to Y1,470.

Although the yen declined, high-tech stocks were largely neglected. Hitachi, the most heavily traded issue among high-tech stocks, was 10th on the active list with 11.76m shares and lost Y10 to Y1,240. Mitsubishi Electric fell Y14 to Y618 and Toyota Motor was down Y20 at Y2,010, but Matsushita Electric Industrial and Sony climbed Y10 to Y2,450 and Y40 to Y5,000, respectively.

Increasing demand for steppers for semiconductor production pushed Nippon Kogaku up Y70 to Y1,170.

The dealing sections of two major securities houses placed large buy orders in lots of Y10bn to Y30bn on the bond market in spite of the yen's fall, but most institutional investors remained sidelined.

The yield on the benchmark 5.1 per cent government bond, due in June 1996, plunged to 4.255 per cent, compared with Tuesday's 4.480 per cent, after rising to 4.495 per cent. But selling pressure set in later and the yield ended block trading on the Tokyo stock exchange at 4.260 per cent.

AUSTRALIA

INDUSTRIAL shares climbed strongly again in Sydney, lifting the All Ordinaries index 18.6 to a record high of 2,121.1, beating the previous peak of August 14 in higher national turnover of 174m shares.

The market's optimism was underpinned by Wall Street's strength, easier domestic interest rates and company results that are proving better than expected. Mining shares also showed some advances, though golds were out of favour.

John Fairfax, centre of takeover speculation, added a further 50 cents to A$7.10, and turnover in the tightly held stock was a high 780,000 shares. News Corp rose 20 cents to A$22.80 in advance of results today.

Other strong blue chip gains included retailer Coles Myer, 46 cents ahead at A$8.80, and property group Lend Lease, 60 cents higher at A$18.20.

HONG KONG

INSTITUTIONAL investors stepped up their buying activity, due to the steadier dollar and news of solid corporate profits, and lifted the Hang Seng index 78.96 to 3,526.26 – its biggest one-day rise since May.

Property shares led the way a[nd] closed sharply higher in heavy tr[ad]ing. Turnover jumped to HK$1.8[bn] from HK$1.1bn on Tuesday.

Hongkong Bank's better-than-[ex]pected results gave share pric[es] their initial boost. The bank repo[rt]ed a 17.9 per cent rise in inter[im] 1987 profits to HK$14.1bn, wi[th] shares ending 10 cents higher [at] HK$10.40.

Cathay Pacific gained 35 cents [to] HK$7.55 on a rise in its profits.

Elsewhere, Jardine Mathes[on] added 80 cents to HK$21 and Chi[na] Light was up 50 cents at HK$27.

SINGAPORE

PROFIT-TAKING pared many e[ar]ly gains leaving share prices mos[tly] lower at the close. However, t[he] Straits Times industrial ind[ex] climbed 2.63 to a high of 1,502, helped by gains in some ind[ex-]based stocks.

Particularly heavily hit we[re] quality shares which posted str[ong] gains over the past few days, though blue chips managed to h[old] their ground.

A price rebound was expected [af]ter unsuccessful application mor[e] from the Jurong shipyard share[s af]ter return to the market in the n[ext] few days.

Prima continued to rise on g[ood] half-year earnings and firmed [..] cents to S$7.35. Intraco moved u[p ..] cents to S$4.40 on better than [ex]pected results.

In blue chips, Fraser and N[eave] was off 10 cents at S$14.10 and [..]ting advanced 5 cents to S$7.60.

هكذا من الأصل